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# **West Europe Report**

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No. 1695

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## BRIEFS

GAS NETWORK EXPANSION PLANNED--The Athens Municipality intends to invite international tenders for a new town-gas plant, operating on naphtha to replace the present Athens Gasworks, built one century ago by a French firm. They are now in the midst of a built-up area and, operating on imported coal, are a major nuisance as regards pollution of the atmosphere. The government intends to contribute Drs 350 million towards the new project. However, the Athens Municipality has more ambitious plans. It wants to expand the present network, which is limited more or less strictly to the inner metropolitan area, to the entire basin or less strictly to the inner metropolitan area, to the entire basin of Attica. To this effect, France's SOFREGAZ, S.A. has elaborated a plan and the mayor of Athens has asked the government to apply, on the basis of this plan, to the EEC for a financing facility worth the equivalent of Drs 1,500 million. This would be a followup to the Drs 350 million job contemplated as an initial stage in the modernization of the supply of town-gas to Athens. (Editor's comment: There has already been some argument as to where the new site for the works should be. At one stage, it had been suggested moving them not very far down the road where they are presently located, which would be in the direction of the old Athens-Eleusis highway. This is felt by many to be too close to town and may soon become built-up. An alternative is to have them at Aspropyrgos, near the State Oil Refinery but, it is understood, that there are objections from certain other quarters which view with some apprehension the concentration of too many vital energy producing units within so small an area. The present gas-works on the Piraeus road occupy about 3 acres and are believed to stand over a very important archaeological site. It is likely that, after the existing installations have been demolished, the area will first be excavated by archaeologists and then turned into a small park or public gardens, sadly lacking in that district. [Athens HELLENICS EXPRESS in English 1 Jan 81 p 3])

## PLANNING MINISTER KLEPPE WARNS OF OVERDEPENDENCE ON OIL

Oslo NORWEGIAN JOURNAL OF COMMERCE AND SHIPPING in English 12 Jan 81 p 19

[Text]

In this century the oil industry will hardly account for more than 20 per cent of our gross national product, if we take into consideration a continued growth in the rest of our economy. The future is too unsure that we can depend on one source of trade. Therefore, I can with difficulty view Norway without an industrial milieu which creates the foundation for growth in our economy, said the Minister for Long Term Planning, Per Kleppe.

He meant that industry will go through a great change but did not agree with those of the opinion that the oil income would be so great and last so long that there was no need to fear a collapse of large sections of our industry.

The dwelling pattern in Norway is dependent on providing industrial work places out in the districts. This will be an important, but not simple task, said Kleppe.

The main aim in our policy is still to increase employment and hinder unemployment. In 1981, there will be nearly 25 million unemployed in the OECD countries. Half of these will be under 30 years of age. Until the middle of the 80's there will be queues of youth waiting for work. The industrial countries have a generation where many are unable to work. This is a development we do not wish to see in Norway, said Kleppe.

Those who have the opinion that it is right to allow unemployment as a means of fighting inflation, ignore the enormous social cost.

Norway cannot be a green country surrounded by grey misery. That is an illusion. If we are going to manage to retain full employment, we must rely on productive investment and avoid heavy inflation. We must obtain a better balance between our consumption, both official and private, and our income as a nation. That demands sober-mindedness. General opinion shows that the majority of the population today mean that we should show moderation. Unfortunately, only too often politicians answer in the affirmative to the principle and

use the opposite in practice. This is a tendency which must be opposed. We cannot continue with old fashioned outbidding-policy, stated Kleppe.

He believes that one of the problems in the labour market will be misadaptation. There will be pressure in some parts of the market and unemployment in others. More specialization will increase the problem at the same time as we have probably become less mobile than earlier. People prefer to shuttle rather than move.

There should be concentration on suiting the job to the employees ability and wishes. At the same time, there should be conditions available for changing the job, but we must also have more work available in the districts. One problem here is that the traditional means of action do not have enough effect and must be replaced by others which are effective under the new conditions, said Kleppe.

A new long time programme will be presented in the spring. Norway is one of the richest countries in the world and continues to grow. But the problem is that expectations and demand are larger than we

can men, said Kieppe. However, he did not agree that the long time programme would make depressing reading. We can of course improve our standard of life without increasing our living standard, he said.

When the Storting, in 1901, discussed unemployment, the then M P Johan Castberg said that "Even lively work is a preparation for depression, for unemployment, -- in such a manner that those who work in 'good times' and create increased production must know that in this manner they prepare for the disaster and unemployment of the day of tomorrow."

Kieppe does not agree with the viewpoint that overproduction is a problem. What we do have is a problem of control. The political and social system lacks the ability to channel produc-

tion, so that the resources are used to produce that which the people want. All the groups want and demand a higher income. This refers to farmers, fishermen and other self-traders and wage earners, not least those with a high income. The indications lie towards under-production rather than over-production means Kieppe.

He means that there are enough areas in the world who need that which is produced, but they, because of the social system, cannot afford to buy.

In certain sectors there do exist resource problems. The fisheries have built up too large a capacity in relation to the fishing resources, both for catch and refinery. The wood industry and intensive power industry are also hindered by resource limits. Large sectors of the Norwegian export industry have been "reaped" and this limits possibilities today. Our production has not reached saturation point. We must to a greater degree rely on people as a "resource", said Kieppe.

He is of the opinion that many of the protests against a brake on official activity are due to the fact that we are in a crisis of expectation. Counties and districts planned large projects in a period of good development. Now they should be completed and married at a time when income grows more slowly. We must not forget that when we are speaking of modesty, it is sober-mindedness at the head of strong development that we really mean.

We are in the middle of international development and there is no place for especially resource consuming reforms, such as we had in the 1970's. Such reforms as we should make, should aim to improve the quality of the community and its method of function, said Minister of Long-Term Planning, Kieppe.



## FORMER NATO-GENERAL SCHMUECKLE INTERVIEWED ON NATO CRISIS

Zurich WELTWOCHTE in German 10 Dec 80 pp 45-47

[Interview with Gerd Schmueckle, former NATO-General, date and place unknown]

[Text] WELTWOCHTE: For weeks now, the European public has been upset time and again by bad news concerning NATO such as that most of the members will be unable to come up with the 3 percent increase in their military budgets jointly agreed upon in 1978. Even the FRG, the habitual teacher's pet of the Western alliance, says it will be able to increase its budget by only 2 percent. If the member countries cannot honor the agreements they have entered into, can the alliance still function politically-- or to put it more bluntly, is NATO in the midst of a crisis?

Schmueckle: I would say NATO is in the midst of a deep crisis. Of course there are people who say: 'This is not so bad. Actually, NATO has always been in a state of crisis. We will get over this one, too.' I cannot share this view entirely. It is true that we had our crisis situations in the sixties, too-- when France left the alliance for instance. We managed to overcome that particular crisis within a year. In the seventies, there was the southern tier crisis involving Greece and Turkey. That took 6 years to overcome, which was too long.

But now there are trends appearing in the alliance which are much more worrisome. The Europeans are relaxing their defense efforts; Social questions are assuming greater importance at the expense of external security. Whether that is a wise policy only the future will tell. I am afraid it is not.

WELTWOCHTE: Now what about the relationship between NATO and the most important member of the alliance, the United States? Some of the future Republican President's entourage have been making noises as though the old Mansfield resolution might be revived according to which American troops might be withdrawn from Europe in case the Europeans no longer contributed as much to common defense as the Americans. Do you think that is just sound and fury?

Schmueckle: For a time at NATO I think it was just that when the Americans said 'we will withdraw our troops.' But by now the limits of American patience appear to have been reached. Frequently, the Europeans resorted to needling the Americans, relying on the good-naturedness of the Americans throughout. The Anglo-Saxon character happens to be such that it displays great patience but will react very sharply indeed, if pressed to the wall.

WELTWOCHER: Does that mean you share the American criticism of Europe ?

Schmueckle: Yes-- because I am afraid the Europeans have overdone 'their/ sound and fury. It is quite conceivable that America will take actions which could be unpleasant for us, if Europe's readiness to do what is necessary for joint security continues to slacken. At worst, we might have to countenance the withdrawal of troops from the FRG. That would be catastrophic for the defense of Western Europe.

WELTWOCHER: The Americans continue to tell the Europeans that by assuming defense responsibilities in the Persian Gulf for example they would be helping to defend the security interests of Western Europe 60 percent of whose oil supplies originate in that particular part of the world. How would such a division of responsibilities work in practice ?

Schmueckle: I would first like to say how it should not work. It would not work, if the Europeans said: "Let the Americans do the dirty work. Let them do the fighting, even including our battles." That would be a first group talking. A second group, which would include Germany, might say: "We will do our duty after a fashion, but no more." And a third group would do nothing at all and simply let the other two protect it. Now that would be the kind of division of labor the alliance could not tolerate. I am convinced, if it ever got that far --perhaps not intentionally but as a result of diverse tendencies which mutually reinforce each other-- the NATO alliance would be almost finished. Such signs of disintegration in the NATO countries have been discernible for some time but have not yet had a political impact.

WELTWOCHER: What can the alliance do in a positive sense ? Are there any indications that other member countries have begun to side with the Americans ?

Schmueckle: Yes. It is a positive fact that there are American, British and French naval units operating jointly in the Gulf. The Germans must see to it that there will not be a coalition forming within the alliance in which they are not represented. After all, the Germans are fully justified in wanting to be part of groupings that have something to say. I would not exclude the possibility of an old alliance's suddenly reasserting itself within NATO. That might be unavoidable, if we are not even prepared to accept joint responsibility for what happens and what needs to happen outside the treaty area.

WELTWOCHER: Does that mean you are in favor of extending NATO's area of responsibility ?

Schmueckle: No. The geographic limits of the treaty area should be retained as agreed upon. I think if we wanted to alter the treaty text, we would never come up with the same satisfactory language we have today. What I do believe is that those who for good reasons only want to be active inside the treaty area will have to do more in case those who must operate outside the treaty area are called upon to take up heavier burdens there than heretofore. And what is even more important, I think, is that the members of the alliance should bear joint responsibility politically for everything that takes place outside the treaty area. It simply will not do for us to emulate the Swabians and tell the Americans: "Jokele, you go on ahead; you have larger boots on."

WELTWOCHS: But how is that supposed to work? NATO already speaks with almost as many voices as it has members.

Schmueckle: These voices must harmonize sensibly, to be sure. That is the only way to achieve success. Of course all voices must be heard: that of the Europeans, the Germans, the British, the French and that of the Benelux countries, the Scandinavians, the Italians, the Turks, the Greeks and the Portuguese.

WELTWOCHS: But the present organizational structure of NATO is not really equipped for that.

Schmueckle: No, certainly not. NATO is no longer fully equipped to conduct a consultation process such as can lead to quick decisions in a serious crisis. I therefore proposed that NATO establish a crisis cabinet under the chairmanship of the secretary general at such times in which the main powers would be permanently represented and the small countries by one rotating representative. I believe that such a body --which, incidentally, should not be staffed by ambassadors but by ministers, perhaps even by the foreign ministers-- is indispensable, if we wish to arrive at political responses to serious crises with the requisite speed. The decisions themselves would of course be left to the full ministerial council.

WELTWOCHS: At the same time that alliance defense budget increases are being called too low, military men are pointing to alarming increases on the part of the Soviet Union. Is that merely par for the course in order to make the required increases more palatable to the governments concerned or are there worries, as far as you can tell as a former deputy commander-in-chief of NATO, based on hard facts?

Schmueckle: We military men have been warning the political leaders in the alliance since 1976 that we could be heading for military imbalance. In part, our warnings were heeded. But by and large, they were not taken seriously enough. The present situation is such that

as strong as strong as the Warsaw Pact as a whole in 1975, many  
states, but is therefore justified in seeking for modernization in  
order not to lag behind the Warsaw Pact further.

WELTWOEHL: Is that not an excessively pessimistic view of things?

Schmuckler: We military men generally view things pessimistically  
rather than optimistically. That is part of our job. But there are  
reasons for pessimism today. I am worried about the huge increase  
in Soviet naval strength, along with a merchant marine being built  
at dumping prices. That amounts to formidable sea power. As part  
of its exercises, the Soviet navy openly threatens the supply lines  
from America to Europe. In case of war, we would get our noses  
bleeding in the Atlantic; but we would sink the Soviet navy because  
Europe's very survival depends on keeping the supply lines from  
America open. I am also worried by the Soviet long-range air and sea  
transport capability which has been tested and is continuing to be  
tested constantly. The Soviets test their transport capability  
to Ethiopia, Angola, Mozambique and in Yemen. Their air and sea  
transport capability is improving all the time. My third reason for  
worrying is the buildup of a new Euro-strategic threat with medium-  
range missiles.

WELTWOEHL: An alliance whose minimum consensus on political matters  
has patently reached the point of exhaustion, whose military deter-  
rent value is on the wane and whose defense forces are constantly  
shrinking as compared to the Warsaw Pact-- does such an alliance  
have any deterrent value left at all?

Schmuckler: It still has deterrent value; but we will have to do  
more for its defense value in order to improve the deterrent-- not  
because we particularly want to do it but because the Soviet arms  
buildup forces us to. I am convinced the Americans have the will to  
do that, no matter who is President: Carter or Reagan. From left to  
right, America is firmly resolved to make up for what was neglected.  
The question is whether the Europeans will go along; whether they  
want to and are able to. Unfortunately, there are ever larger  
groups in Europe --in our country, too-- who say: "We must take an-  
other path but that of the Western alliance." Nonetheless, the  
policy of military balance can succeed, if there is a will. Defense  
cannot be viewed from the fiscal angle alone but by Europe's rela-  
tionship to America.

WELTWOEHL: Above and beyond the controversy regarding the size  
of defense budgets and the question of how much is enough there is  
a much more serious conflict brewing which relates to joint alliance  
strategy. The pre-eminent position of the Americans is being more  
or less openly challenged by the small countries; NATO resolutions  
such as the one on modernization are being questioned by Holland



and Belgium almost as soon as they are passed. Are the common goals which tied the NATO member countries together for more than 30 years all but gone?

Schmueckle: I do not believe they are gone, but they have to be revived again and again. I am convinced that if we stick to the 3 percent -- a figure, incidentally, arrived at as a result of German pressure and not just "poppynock," as they are saying in Bonn these days-- if we push through this minimum program, then the alliance will regain its strength. But another requirement is that the Americans fully reassume their leadership role.

WELTWOCHSE: But then the Europeans will feel the Americans are lording it over them again.

Schmueckle: Yes, that is the sad part of it. Once the Americans assume their full share of responsibility, the Europeans start to complain about hegemony and about always having to follow the lead of the Americans. But if the Americans fail to assume their leadership role, then the Europeans ask for stronger leadership. For all that, I must say that whenever the Europeans adopted a sensible hard line, the Americans were always ready to reach a compromise with them.

WELTWOCHSE: At the December meeting, NATO will not be dealing with budgetary matters for once but with last year's so-called modernization resolution which calls for installing 572 Cruise and Pershing II medium-range missiles to offset the Backfires and SS-20's in the Soviet medium-range arsenal. Now that increases armaments in Europe even further and might even introduce a new arms race, will it not?

Schmueckle: I am no great fan of modernization. But I am against the arms buildup by the other side. I am not for Pershing II's or Cruise missiles, but I am against the other side stationing more and more SS-20's and thereby creating an ever increasing threat to Europe. Helmut Schmidt is right in saying that the best people can do for the preservation of peace is to establish military balance. I would rather see disarmament achieve this goal. But if that is impossible, we will have to reestablish balance via modernization.

WELTWOCHSE: Do you then feel that the Western proposal to negotiate with the Soviet Union about controlling Euro-strategic weapons does not have a chance?

Schmueckle: No, but I am against the public being given the impression again and again that arms control is easy as pie. Unfortunately, it is even easier to mislead in this field than in the field of armaments. The truth is that we have told the Soviets we are ready to shelve modernization and to negotiate about it while there is still time. So far, there has been no Soviet reaction to the NATO proposal, or hardly any to speak of. If they do take us up on it, we will be facing extremely difficult negotiations.

# App. No. 10 (1980)

## Defense Budgets of NATO and the Soviet Union

NATO Members	1979 in billions of US \$	Percent of GNP	Per capita	Percent of national budget	Percent change from previous year (in real terms)		
					1979	1980	1981 (previo- ous)
United States	114,901	5.2	520	21.9	+2.4	+3.2	+5-7
Canada	5,751	1.7	157	9.6	+0.4	+3.4	?
France	14,776	3.9	349	17.5	+3.5	+3.5	+6.6
Great Britain	17,972	4.9	314	10.3	+2.6	+3.2	?
FRG	24,391	3.3	396	22.3	+1.7	+2.9	+1.8
Italy	7,009	2.4	124	6.2	+2.6	-1.4	?
Belgium	3,636	3.3	363	9.2	+1.0	-2.0	?
Netherlands	4,747	3.4	339	9.1	+3.0	+2.1	+1.5
Luxembourg	0.42	1.0	116	2.9	+3.5	+17.3	?
Denmark	1,553	2.0	303	7.4	-0.2	-0.6	?
Norway	1,421	3.1	347	9.3	+2.6	+2.3	+3.0
Portugal	0,367	4.0	60	10.4	?	?	?
Greece	1,700	9.0	?	?	?	?	?
Turkey	2,591	5.7	58	15.6	?	+2.1	?
Soviet Union	~165,00	12-15	~680	?	+5.0	+5.0	+5-6

WELTWOCHNE: Experts are always pointing out that there will be no movement on euro-strategic negotiations without progress on SALT I. But SALT II, particularly in view of Reagan's becoming the next American President, seems to be a more or less dead political issue.

Schmuckler: Just the same, I hope that negotiations between the Americans and the Russians will continue. That is important and it is equally important for KGB in Vienna to continue and for negotiations on the Soviet medium-range missiles to open.

WELTWOCHNE: Do you mean to say that negotiations will continue, but that there will be no tangible results?

Schmuckler: I lived through these arms control negotiations for years, but I cannot tell you whether the desired results can be attained within the required time frame. I was one of those who thought that the arms buildup would automatically slow down during an era of detente which we ourselves initiated and in the course of which at least some gains were made. I was disappointed; the arms buildup did not slow down but speeded up, unfortunately.

WELTWOCHNE: That brings me to the next question which concerns defense and detente. Once upon a time, a strong common defense policy was considered a prerequisite for NATO to be able to enter into negotiations with the East and to conduct an offensive policy of detente. Now that relations between America and the Soviet Union appear to have cooled after Afghanistan, detente seems to be in serious danger. Do you agree?

Schmuckler: Terms like "cold war" and "detente" remind me of the woman who said in 1945: "Under Hitler, all we got was vitamins and now that the Americans are here, all we get is calories. What I would really like to know is when we are going to get something to eat." Never mind "cold war" and "detente"-- what I would really like to know is when we will be able to conduct normal policies at long last; normal policies between nations which will of course be aiming at detente but which will unfortunately be marked by tension, too, as all policies are. To work for detente among nations and to reduce tensions is a moral imperative for all responsible policy, particularly in the atomic age. I am against constantly changing labels. Now we call it "cold war" and before long we call it "detente" and if detente does not work, then the next stage must inevitably be called "cold war" again. I am also against saying that there is no alternative to a policy of detente because there is one alternative that every responsible policy must be prepared for and that is that it may fail.

WELTWOCHNE: Whether it has failed or not, it is clear that the East has at least indirectly influenced western decisions. One example would be that Brezhnev warned the West not to go through with the

NATO deterrence plans last September while at the same time promising not to retaliate against those countries that opposed the plans within NATO. Moscow now seems to have succeeded in cracking the Alliance. Belgium as well as Holland are showing no signs of complying with the NATO resolutions that were adopted.

Schlesinger: Khrushchev once said --I thought it despicable-- he could destroy Germany with five atomic bombs, France with seven and England with three. That made an impression on Western Europe at the time. On the contrary: that threat led to greater cohesion within the Alliance. I almost think it is even more despicable what the Soviets came up with this time: that the FRG could become an atomic target but that whichever country did not station nuclear weapons on its territory would remain a kind of Isle of the Blessed, even in case of war. In the Middle Ages, this was known as "terribilis" which was the pretense of letting a victim see the torture instruments in order to make him more compliant. I think it is despicable for such threats to be used in international relations and equally despicable that no responsible Western politician spoke out against them.

WALTUCHER: The United States, the most important member of the Alliance, will soon have a new government. Men you know personally, such as former NATO commander Alexander Haig and former secretary of State Henry Kissinger, are likely to become members of the Reagan cabinet. Do you think that such people could initiate a new phase of Atlantic partnership and that misunderstandings among the Atlantic member nations could be avoided better than heretofore?

Schlesinger: My personal acquaintance with these two men convinces me of this. General Haig as well as Kissinger are Atlantic and are thus convinced of the fact that the future of the West is best served by the European nations and America being together and staying together and that it is only in this way that we will be able to preserve our greatest good, which is freedom.

WATG  
CHOT 3103



## FOREIGN TRADE PROBLEMS WITH EAST EUROPE, JAPAN

AUI31228 Vienna WIENER ZEITUNG in German 13 Jan 81 p 7

[Summary] At a Vienna press conference on 12 January, Trade Ministry spokesman Meisl declared that the development of Austria's foreign trade in 1980 was marked by a strong increase in imports from East European countries, and only very slight increases in exports to these countries. The 27.2 percent import increase is largely due to higher energy imports that cannot be influenced by trade policy measures, whereas the low export increase of only 2.7 percent in 1980, according to Meisl, is unsatisfactory and caused by an inadequate flexibility of Austrian exporters and their failure to adjust production to specific requirements of East European markets.

Trade Minister Staribacher stressed that Austria will continue to adhere to the principle of a liberalized foreign trade, and that import restrictions might be considered only for Japanese products, since Austrian exports to Japan in 1980 totaled only 1.5 billion schillings as against 6 billion schillings worth of imports from that country.

Staribacher said that he told his Japanese counterpart Tanaka recently in Paris that this disparity would have to be eliminated. Since even efficient Austrian export companies have been unable to establish a foothold in the Japanese market, the exchange ratio can be improved only by a reduction of Japanese exports to Austria through self-imposed export restrictions. This applies mainly to Japanese automobile exports to Austria which account for 22 percent of all Austrian car imports. Another problem are Japan's electronics exports, Staribacher said, adding that in the case of videorecorders Japan has been warned that Austria may have to introduce import quotas unless delivery restrictions take effect.

CSO: 3103

## BRIEFS

COOPERATION WITH ALGERIA--State Secretary Nussbaumer has successfully concluded talks in Algiers on close cooperation between Austria and Algeria in implementing the 15-year program for modernizing Algeria's railroads. Austria will grant Algeria a 6 billion schilling loan to finance deliveries of Austrian firms in connection with this program. A formal agreement on this cooperation will be signed in Vienna at the end of January during a visit of the Algerian finance minister. [Vienna WIENER ZEITUNG in German 18 Jan 81 p 7 AU]

NEO-NAZI ASSOCIATION BANNED--The Interior Ministry has disbanded another neo-Nazi association, the "Boehmerwald Wandering and Mountaineering Association" that had been registered in 1979 by Rudolf Palla from Linz, a member of the "Action New Right" [ANR] group. Contrary to its statutes, the association disseminated pan-Germanist propaganda in its paper DER FREIWILLIGE, stressing its determination to unwaveringly adhere to the "German cause" and using phrases such as "Long Live German Austria." [Vienna ARBEITER-ZEITUNG in German 17 Jan 81 p 2 AU]

CHRISTIANS AGAINST U.S. 'INTERVENTION'--In a joint open letter to the U.S. Embassy in Vienna, two Austrian groups--the "Critical Christians' Action" and the "Solidarity Group of Engaged Christians"--reject any form of open or veiled U.S. intervention in El Salvador. "The two organizations expressly protest arms supplies to the governing junta by U.S. military planes, and the direct involvement of helicopter pilots and military advisers in the fighting against the popular uprising." [Vienna ARBEITER-ZEITUNG in German 17 Jan 81 p 5 AU]

CSO: 3103

## DENKTAS CALLS FOR UNITY AMONG PARTIES

Nicosia BOZKURT in Turkish 26 Nov 80 pp 1,6

[Text] Nicosia (ANATOLIAN AGENCY) -- TPSC [Turkish Federated State of Cyprus] President Rauf Denktas, visiting the Karpas villages a day ago accompanied by Prime Minister Mustafa Cagatay, certain ministers, the National Unity Party Famagusta national deputies and district officials, was welcomed by public ovations in the villages he went to. Hearing the petitions and complaints of the people and also speaking with Greek Cypriot citizens in Karpas, President Denktas called on the people to help the government in the struggle with rising costs and to be witnesses against black marketeers, going to court if necessary. In this context, Prime Minister Cagatay also said in his speeches that the advance paid for potatoes and citrus would be increased because of devaluation and that in addition to this the surpluses sold would be transferred to the producer. "Let no one doubt this," he said.

## Denktas' Comments

While visiting and talking with the public gatherings in Sipahi, Dip Karpas [Rizokarpason], Adacay, Erenkoy [Kokkina] and Yesilkoy [Agios Andronikos], Denktas stated that the talks had not yet reached the point of achieving results and asked that our people conduct the struggle in unity and solidarity. Speaking to a large crowd in Erenkoy, Denktas said:

"There are young people in the world who, although they have everything, are in a state of crisis, have no ideals, who live like vegetables, who do not know the value of country and of the flag. In this crisis, they choose leaders from other nations because they have no guides in their own histories, no one to look up to. They take what others say for their own nations and separate into factions, attacking each other, destroying the peace of the country and weakening their nations. For Turkish youth, there is a torch, a leader whose name evokes pride in working for the homeland and the nation, an Ataturk."

## Agents

Again mentioning the subject of "agents," Denktas insisted on the existence of those with designs on our beautiful homeland and said, "There are agents among us. Those who give you hopelessness are the very ones who interpret the slightest incident for their own purposes and would have you a vegetable without a country, without a nation, without a flag." Speaking of our need for unity and cohesion for the good of the national cause, he said the following:

"There are those who accuse me of partisanship when I call upon the people for unity and cohesion. This is nonsense. I am not opposed to the formation of parties as required by differing opinions; I was the speaker of the Assembly which drew up the constitution ensuring our democracy; I signed this constitution. However, the parties must do what the national cause requires, they must unite as the least common denominator, they must set their positions and attitudes against initiatives which would sacrifice our freedom on this soil, which is a free country, to some ideology or other and take the measures required to bring fringe organizations engaged in harmful activities into line. Vigilance and dynamism in this regard are necessary; we all have a duty in this. No one can say, 'It's not my business.' We have to be like steel in this regard. There is no other way."

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## FAILURE IN CHAD SAID TO SHOW NEED FOR STRONGER INTERVENTION FORCE

## Possible Military Plan

Paris LE MONDE in French 20 Dec 80 p 16

[Article by Jacques Isnard: "France Seeks a More 'Muscular' Striking Force"]

[Text] In May 1978, Operation Bonito in Kolwezi--the dropping of a Foreign Legion parachute regiment over the province of Shaba, in Zaire--made it clear that France lacked the long-distance communications means needed for overseas military action.

For the time being, the problem was resolved by the temporary leasing of channels carried by an American telecommunications satellite. The general staff then arranged with the government for the use of three Transall planes to provide command-post communications relays, with containers which could be transported by air, and were air conditioned and ready to handle intercontinental communications with the command post in France.

This arrangement is operational today and has even been tested during French-African maneuvers.

In December 1980, the intervention of Libyan armored vehicles and helicopters in Chad in aid of Hdeyde Goukouni's government troops forced Hissain Habre's forces to abandon their positions in Ndjamena and to return eventually to guerrilla tactics.

France, which had already participated in earlier operations in Chad with resources strengthened by two regiments at least, had temporarily to abandon thought of playing a more active role in this case, awaiting indications, independent of its own action, of victory for one camp over the other before hoping to resume its role in the African picture. The French Army appeared somewhat inadequate to oppose the Libyan offensive, a source of concern to the neighbors of Chad and the allies of France.

Immediately the general staff resumed studies of a force for foreign action with greater weight and "muscle," which it interrupted this summer for lack of money and the 300 cadres needed to make up this unit of 2,500 men in all.

## Brush Fires

For use against the "brush fires" which break out here and there, faced with an insufficiently experienced or poorly armed adversary, France can send a company--140 men--or a regiment, with light equipment, within 24 hours. It has already done so. There is no doubt that it can do little more, except to allocate more substantial means the deployment of which takes more time.

When faced with an expeditionary force which is better equipped and has armored vehicles, light support planes, or even helicopters such as the Soviet Mi-24s equipped with a 12.7-millimeter machine gun and capable of sending up to 128 57-millimeter rockets at a target, as was the case with Libya in Chad, the French army must think twice before mounting an operation, if asked to do so.

Perhaps the technical and tactical exploits of the Libyan column in Chad should not be exaggerated. There was no hostile environment, which would have made any intervention by Tripoli problematical or risky. On the other hand, two neighboring states were involved, which simplified logistic problems. One of the countries requested and then accepted military aid from the other against an adversary lacking heavy and regularly supplied equipment.

These are all factors which facilitated the action by Colonel Qadhafi, which was in addition undertaken by a small army--53,000 men in Libya--but one staffed with foreign advisers, aided by Islamic "mercenaries," and abundantly equipped, beyond the requirements for protection of the national territory alone.

Nonetheless, the Libyan success in Chad will force African countries in the future to take Colonel Qadhafi's army into account, as circumstances dictate. Parallel with this it underlines the need for France to plan a military apparatus adapted to new forms of intervention in order, should the need arise, to honor its commitments to the nations which might ask it to implement the defense or aid agreements concluded in the past with Paris.

In such an eventuality, the French range of apparatus is singularly lacking in means of support--artillery, armored vehicles and means of defense against airplanes and helicopters--which would serve to reinforce the airlifted combat companies.

Light automatic machine-gun squadrons equipped with 90-millimeter guns or 60-millimeter mortars, 105-millimeter artillery batteries, 120-millimeter heavy mortar sections or 20-millimeter anti-aircraft guns with which foreign intervention forces are equipped today might prove insufficient to halt a sizable offensive.\*

\*According to the possible scenarios of intervention, France today could organize available units on the basis of a reserve of 30 infantry or scout and support companies (equipped with anti-tank missiles), 10 light automatic machine-gun squadrons, 7 heavy mortar sections, 4 105-millimeter artillery batteries and an AMX-30 tank squadron transported exclusively by ship. To this land army contingent, 7 naval commando units (1,000 men) could be added.



## Project Under Study

Even the support of Jaguar aircraft or helicopters is not a panacea, for their range of combat actions and the relatively limited duration of their activity in the zone, despite in-flight refueling, demands that there be a safe or protected airfield nearby, particularly if the enemy, for his part, has an anti-aircraft arsenal, a facility which henceforth is within the reach of a number of countries.

To speak the truth, if France had the support means in quantities adapted to its needs, it would still have to be able to transport them to where they are needed by some other means than the Transall aircraft, an excellent tactical "tool" for transfers within the theater of operations, but an inadequate vehicle for the strategic transportation of major military loads over long distances.

This summer, the general staff was scheduled to begin the establishment of a 31st strike demi-brigade, with heavier equipment than is used by the 11th parachute division and the 9th marine light infantry division.

It was to be made up of two regiments under a general staff: one, the 2d foreign infantry regiment, with its 4 motorized companies, would be based in Corsica, and the other, the 21st marine light infantry regiment, with for the time being 2 forward armored vehicle companies (70 troop transports), an automatic machine gun squadron and a heavy mortar section. Later, the heavy mortars will be replaced by 155-millimeter tractor-drawn batteries to be transported by Transall, and 2 AMX-10RC armored squadrons (for gun carriages) will take over from the light automatic machine guns. But this proposed 31st demi-brigade remains in the study phase.

First of all, the armored AMX-10, because of its 13 tons of weight, cannot be carried by Transall. This load would seriously reduce the plane's radius of action. Also, the land army is having difficulty in finding the credit and the active cadres--about 300 out of a total of 2,500 professional officers--for this unit, the creation of which would seem justified by the events in Chad. Finally, the problem of air support would require a solution which is original--with the very short-range ground-to-air missiles mounted on an advance armored vehicle or carried on the back of the gunner--but quite distant in time.

## Possible Courses Considered

Paris LE FIGARO in French 19 Dec 80 pp 1, 4

[Editorial by Patrick Wajzman: "Should We Act or Stand Pat?"]

[Text] One must know when to admit defeat. The winning of Ndjamena by the Libyan troops represents a defeat for France. This is the case because, on the one hand, the man on whom we placed our bets, Hisseln Habre, was flattened by Colonel Qadhafi's tanks, which clearly indicates that we were unable to give him the necessary aid. And on the other hand, because the slap in the face the master of Tripoli has just dealt us will inevitably have its effects on our best African allies (Senghor, Bongo) and will erode their authority.

That having been said, a diplomatic setback, however painful it may be, should be kept isolated from partisan struggles and political plots. Unfortunately, this is not what is happening, and the kind of sadistic glee with which a broad leftist fringe is celebrating the "failure of the neo-colonialism undertaken by the Fifth Republic on the black continent" these days is truly revolting.

Before becoming merciless censors, generous-hearted men should however remember that they are not free of blame any more than others, and that it is not simple for a statesman to master a foreign conflict. Have the socialists forgotten, they who have never been capable of perceiving the international reality with extreme clarity, whether intervening or abstaining as the case may be, the counter-current of history? Was it not in fact Leon Blum who refused to aid the Spanish republicans? Was it not Guy Mollet who thoughtlessly involved France in the Suez campaign?

As for the communists, their arguments, one suspects, barely accommodate the facts and they evidence the most unbridled bad faith. For example when Robert Lambotte makes bold to write in L'HUMANITE that "50 years of colonial domination and 20 years of neo-colonialism do not authorize our government leaders to play arbiter" in the crisis in Chad, one is suddenly seized with the irrepressible urge to ask him if 60 years of absolute servility on the part of the PCF (French Communist Party) to the USSR represents a better reference! Similarly, when the communist scribblers naively express surprise that France could have given its support to the "abductor of Madame Claustre," one is amazed by such fine moral uprightness. For if the communists really feel such an aversion for kidnappers of all sorts, why the devil did they so virulently condemn the American raid on Tabas designed to rescue 50 innocent hostages from their Iranian abductors?

But let us return to the main thing, i.e. the future. France today has three possible options: sending the Legion to Ndjamena; offering its support to an inter-African force which would have the assignment of "maintaining the independence of Chad" (VGE dixit); or contenting itself initially with a massive increase in its weapons deliveries to Hisssein Habre (who has just expressed his intention of pursuing the struggle). I would not venture to express a preference for any one of these hypotheses. It is for the politician, not the chronicler, to assume this kind of responsibility. One thing is certain in any case: our country can no longer afford to remain passive and must in one way or another contribute to driving the Libyans out of Chad. This is the price of credibility for our African diplomacy.

There are many, it is true, who urge abstention: Chad, they whisper, will soon be "Qadhafi's Vietnam"; thus all that is needed is to let the Libyan dictator be dragged down thereby. Unfortunately we are only too familiar with these erroneous prophecies which passively expect of the gods what only the courage of men can produce. These same fine apostles told us yesterday that Angola would become "the Vietnam of the Cubans" and that Afghanistan would be transformed, as if by magic, into the "Vietnam of the Soviets." The result? Castro's mercenaries still make the law in Luanda, and Brezhnev's men reign as masters in Kabul. Shall we commit the same error yet once again?

In truth, there are at least two good reasons which point toward an active attitude on the part of France.



The first is one of a moral sort. For months now, Mu'ammār Qadhafī has consistently humiliated us. It would seem that it is time to make him understand that our patience has its limits. And the affair in Chad offers us an opportunity. Let us recall that last February, the number-one man in Libya methodically organized the plundering of our embassy in Tripoli (in fact, why were we so quick to erase all mention of this scandalous exaction?). At that same time, in a statement to the AFP, he promised solemnly to "combat French neocolonialism in Africa by all means, including war" (in fact, why did we pretend to be unaware of this insulting intention, which even a tiny nation in Melanesia would hardly have tolerated?). Finally, in September he shamelessly proclaimed that Chad represents the "vital space" of Libya and disdainfully urged the French government to adjust to that (in fact, why did we fail to recall then that the concept of "vital space" harks back to rather disturbing precedents?).

Once again, should so many affronts go unanswered?

The second reason, for its part, has to do with political calculation. In halting the advance of Libyan expansionism, France would be killing three birds with one stone:

It would reassure the leaders in the region who are watching the advance of the "Islamic legions" of the master in Tripoli with horror. And there is a great likelihood that nations such as Mauritania, Mali, Niger, Sudan, Ghana, Nigeria, Gambia, the Central African Republic and Senegal would not be too upset if Qadhafī were checked. This is putting it very mildly.

It would show the Soviets (who are arming and staffing the Libyan troops) that the Western camp is not prepared to tolerate their operations to destroy stability in Africa. One simple explanation in this connection: it is known from certain sources today that the final offensive launched Qadhafī against Hissain Habre's positions was the product of detailed collective preparation to which the ambassador of the USSR in Libya and its "experts" contributed heavily. Under those conditions, stubborn insistence on regarding the war in Chad as a purely regional problem would smack of nothing more or less than mental aberration!

It would prove to the new American administration that the Europeans are entirely capable of participating actively in the defense of the free world. Is it necessary to spell out the fact that such an evidence of "maturity" would increase the specific weight of the old continent vis-a-vis Washington.

To stand pat or to act: the choice available to us is entirely clear. There can be no doubt that France as always will be able to measure up to its reputation.

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CSO: 3100

## USSR SIGNS NEW ECONOMIC AGREEMENT

Athens HELLENICS EXPRESS in English 1 Jan 81 pp 1, 2

[Text] A new agreement-framework for economic and technical cooperation between Greece and the USSR was signed in Athens on the 23d of December 1980. It brings relations on these subjects into line with what is applicable between the USSR and other EEC member-states. Mr A. Majulo, Soviet deputy minister for external trade, came to Athens for the occasion.

Details of the agreement specify that:

--in 1981, Greece will be supplied with 2,000,000 tons of Russian crude oil.

--in the 1981-1986 five-year period, the USSR will make available to Greece 1,000 million cu. metres of natural petroleum gas and, after that date, supply will be at the rate of 2,000 million M<sup>3</sup> per annum. (Editor's note: The statement does not mention how this gas will be delivered to Greece. Readers may remember that, when the matter was discussed previously, the obstacle had been lack of trans-Bulgarian piping facilities which would have to be enlarged and strengthened accordingly.)

--the USSR will increase by 25 percent the amount of electric energy it is at present selling to Greece.

--the Hellenic Industrial Development Bank is understood to be continuing its study of proposals for a joint Greek-Soviet alumina plant.

--there was a promise that the USSR would step up its purchases of Greek citrus fruit and leaf tobacco, which had remained somewhat stagnant in recent months.

--the Soviet side expressed an interest for Greek ready-made clothing and footwear.

--the Soviet side asked for continuation and for expansion of ship-repair facilities at Greek shipyards.

CSO: 4920

## AUTOMOBILE IMPORTS PROCEDURE PUBLISHED

Athens HELLENICS EXPRESS in English 8 Jan 81 pp 7, 8

[Text] The Ministry of Trade has answered questions put to it by the Athens Chamber of Commerce and Industry regarding car imports.

Was doubling automobile taxation on 3 July 1977 lawful and will it continue to be considered lawful after the 1st of January 1981?

What, if any, obligation has Greece to reduce such taxes and from when?

Are EEC nations entitled to impose import restrictions on motor vehicles from third countries?

Is it lawful to collect tax prior to clearance through customs and, at the same time, to describe this as an "internal tax on consumption?"

Is it lawful to assess import duty on a car based on its price on the domestic market of its country of origin rather than on its ex-factory invoice price?

Is it lawful to have cars built (assembled and part manufactured) in Greece marketed on the installment system with bills discountable by commercial banks while the same financing facility is denied to imported cars, is this not discriminatory treatment?

Does what applies to EEC products also apply to those of LOME and EFTA countries?

Is correlation automatic or will special agreements be concluded and, if so, when?

Is Law 360 which accords inland revenue tax relief on goods for export, in accordance with EEC rules?

What is the status regarding VAT on motor vehicles after the 1st of January 1981?

The Ministry of Trade gave certain replies, as follows:

--As an EEC member-state, Greece will not include motor vehicles on lists of restricted imports. If cause for protection of domestic produce should arise, the

only course will be measures for surveillance and protection to be taken through EEC channels only. Acceptance of any such measures will not be easy. The matter is currently under discussion within the EEC as regards Japanese cars.

--Financing and trading terms belong to the jurisdiction of the Currency Committee which has authority to decide both as regards domestically produced and imported cars.

--Products are divided into those of 12-year and 22-year tariff disarmament. As regards the former category, EFTA products enjoy complete tariff disarmament as of 1 January 1981, according to their EEC counterparts. As regards the latter category, from the stage they have reached today, they will enjoy the same degree of duty relief as granted to similar EEC goods and this same applies for LOME.

For its part, the Ministry of Finance replied as follows:

--Doubling of the tax on cars was effected under Article 44 of the Constitution and was ratified by law 1003/79. This has not so far been challenged. Accession to the EEC has not affected its status because harmonization with EEC special consumer taxes has taken effect only as regards processed tobacco.

--If the question is examined in the light of VAT, then, as regards Greece, it takes effect as of the 1st of January 1984 and, on that date, VAT will supercede all other taxes on cars.

--As regards taxes on cars which answer the description of import duty, they have to be abolished with effect from the 1st of January 1981 if they were first imposed after the 1st of January 1979. If imposed prior to that date, they remain in force throughout the 5-year transitional period. In this latter case, tax reduction will take place by stages, as follows: 10 percent in 1981, 10 percent in 1982 and 20 percent thereafter annually.

--Export taxes are abolished with immediate effect.

--All taxes on imports, irrespective of name (import duty, luxury tax, special levies, consumer tax, etc) are indirect taxes on consumption, collected at the time when goods are set free to be sold to consumers and this occurs during clearance through customs. Some of these taxes are ever collected prior to clearance customs. Therefore the allegation in question No 4 about tax being collected prior to clearance through customs is incorrect. It is therefore lawful to collect such tax.

--Import duty is calculated on the c.i.f. invoice price.

--Special consumption tax is, under given circumstances, calculated on the domestic market price in the country of origin. Such calculation is lawful under Law 363/76 which allows consumer taxes to be assessed on weight, piecemeal, value, etc, or on a combination thereof.

CSO: 4920

## AGRICULTURAL PRODUCTION STATISTICS PUBLISHED

Athens HELLINIS EXPRESS in English 1 Jan 81 p 6

[Text] Except for sugarbeet, tobacco, livestock and sultana raisins, agricultural production in Greece either marked gains or held its own, against 1979 which, itself, was not a year of poor crops. Actual figures are given in metric tons with those in brackets showing last year's performance.

Wheat 2,927,000 (2,396,000), barley 945,000 (842,000), oats 825,000 (830,000), maize 1,170,000 (731,000), rice 90,000 (95,000), dried beans 36,300 (37,560), lentils 4,745 (3,600), melons-watermelons 794,000 (776,430), potatoes 972,000 (951,650) from all three crops in the year, tomatoes 1,668,400 (1,749,860) the reduction having been sought deliberately because of saturation in the processing factories, onions fresh and dried 169,260 (124,100), fresh beans 70,750 (41,525), cucumbers 121,500 (121,750), artichokes 44,450 (43,880), beetroot 12,560 (14,050), marrowns 85,600 (97,450), aubergines 61,750 (67,600), tobacco 112,000 (125,000), cotton 362,000 (320,000), sugarbeet 1,600,000 (2,800,000), the reduction having come from less acreage cultivated with beet in favor of maize for which a higher support price was paid. The net result was a sugar shortage which is having to be made good by imports, mainly from surpluses in EEC countries and near sufficiency in maize which will spell out much lower imports mainly from the U.S. and Canada.

In terms of hard currency, the difference may work out slightly to the disadvantage of Greece's balance of payments in view of the price ratios of sugar and maize. This may have been one of the reasons why the Greek representatives at the recent talks with the EEC on agriculture bargained hard over sugar. The result is that sugarbeet growers in Greece are again being offered higher support prices for their 1981 crop and applications submitted by them in recent days for supply contracts with Hellenic Sugar Refineries (state-owned) show that they have taken the bait and will increase acreage, once more.

Currants 67,500 (56,000), sultana raisins 62,460 (78,665), dessert grapes 249,500 (204,600), must from vine-making grapes 483,680 (423,000), must from surpluses of dessert grapes, currants and raisins amounted to a further 120,645 (101,000), olive-oil 298,000 (203,570), olives 111,000 (47,000), lemons 176,875 (143,000), oranges 595,365 (335,450), tangerines 36,325 (25,170), grapefruit 1,374 (1,440), pears 111,214 (104,400), apples 250,000 (279,530), apricots 84,000 (77,360), peaches 397,000 (272,060), cherries 18,840 (16,500), figs 44,775 (41,900), strawberries

11,000 (11,540), almonds 39,556 (29,000), walnuts 20,360 (21,390), chestnuts 14,185 (13,065), pistachio nuts 2,162 (2,190) and carobs 27,570 (24,285).

Livestock: The number of animals during 1979 remained stagnant and this, of course, determined meat production in 1980. There was a clear decrease in the number of cattle but gains in pigs and poultry. The size of sheep flocks remained stagnant while that of goat herds shrank. There were also fewer horses, mules and donkeys, respectively 117,860, 119,100 and 246,900. Figures for cattle, sheep, goats and pigs are approximately at 930,000, 7,974,000, 4,520,000 and 1,042,500, respectively.

CSO: 4920



## PROCEEDINGS OF CGIL GENERAL COUNCIL REPORTED

Rome RASSEGNA SINDACALE in Italian 11 Dec 80 pp 43-46

[Excerpts] Final motion approved by CGIL [Italian General Confederation of Labor] General Council meeting with six votes against.

## Summary of Conclusions Presented by Luciano Lama

There has been much agreement with the report and I will therefore only dwell on some points of disagreement. I believe that Giovannini, who expressed general disagreement on the line pursued by the labor union, will quite naturally vote against our conclusions. Comrade Galli on the other hand disagrees regarding the criticism we made in connection with the underestimation of the labor union in relation to the Fiat crisis. It might be that what we had here was not only an underestimation but that we were forced to defend ourselves against the attack from the employer and to fight against layoffs and we ran into difficulties in tackling the problems of mobility [job turnover] and productivity which are a part of the labor union platform but which in the course of the disputes had become rather obscured. The discussion on the Fiat dispute--which is a topic that involves everybody--and the critical remarks enable us to tackle the issues of mobility which come up also in numerous other enterprises.

Regarding the interpretations introduced in the course of the debate on the state participations and the White Book by Minister De Michelis, anybody who is familiar with it has been speaking well of it. Of course, we reserve the right for ourselves to express our own positions after having taken cognizance of it, regarding the economic policy decisions already contained in the document that is the subject of this discussion.

Regarding the question as to whether the document for discussion is good, we can say that it is certainly imperfect, perhaps less well organized than the one put out by the EUR [Labor Union Headquarters] although it is a subject of less tension. But it is being used rationally because the convictions which will mature are going last--something that cannot be said of the enthusiasm. The deliberation must revolve around a real debate which will be conducted not just in the assembly. It must begin in the small units, in the groups, so that people, when they get together in the assemblies, will know why and on what they are voting and will be aware of the choices that are going to be made. The purpose here is not to see how many of us can get together; the purpose is to make sure that the workers will count and this is why, in those assemblies where the conditions prevail, we can and must present

hypothetical solutions that will also be different from those contained in the document. The CGIL can contribute--through the spirit of unity which has never been lacking--toward convergent solutions, so that, when the dissent emerges out in the open where the work can see it, the necessary compromises will also become easier.

Assumptions different from those contained in the document have been expressed against the background of solidarity and this is particularly true of assumption A which is the one that is preferred by the CGIL secretariat: the solution calling for the voluntary fund which has already been picked by the CGIL and the CISL [Italian Confederation of Labor Unions] textile workers; the solution which calls for a contribution from everybody to tackle the high priority represented by the question of recovery after the earthquake. Our position, the position of thesis A, remains firm, although we do realize that there are diverse positions. There is no doubt that the earthquakes will demand a tremendous effort (we figure on 2-3 percent of the national income, in other words, 10-15 billions per year) and this effort has to be on this order of magnitude also because the decisions that are going to be made will be influenced by this fact. It is necessary for the labor union movement also to move in this range of dimensions and to make its contribution to a by no means short-term reconstruction and revival plan. The earthquake is not some kind of place where we can dump all of our mistakes and be done with them. The big solidarity push is certainly a human fact but by itself it does not represent a push toward renewal and toward a change in society. Solidarity must be backed up by the awareness of all that is new.

The fact that hundreds of thousands of workers did sign up and thus directly want to handle the funds collected--so that solidarity may work out well--perhaps does not express lack of confidence in the labor union but this is also something which cannot be programmed on a large scale--and that is the most dangerous aspect here. This means that there is mistrust also in this emergency regarding the implementation of a complex recovery plan. If things really turn out that way then it will be necessary to admit that the level of awareness of change is very low. The workers however are going to be called upon to manage the fund; and it is also a good idea for the united steering committee to discuss the problems raised by the earthquake, reconstruction and revival, and, along with them, the requirement for a new policy for the South.

Next we might look at the political situation. If we do not build unity among the left-wing forces, then our strategy will fall apart. Our discourse proceeds with continuity and it sprang first of all from national solidarity at Bari; this is a policy line which quite correctly was touted by the CGIL as a line of coherence along which one must proceed without uncertainty or hesitation, the only line which, if implemented, can sustain change and the renewal which the country needs. Let us not look to the past for relations between the labor union and the political forces and among the political forces themselves; let us instead look at that which today would be a real support for our strategy. We are in an emergency situation: terrorism has not yet been defeated, corruption and the power system, which wipes out the trust of the masses, and now we had the earthquake. What more do you need to have an emergency situation? War? I do not believe that, to revitalize itself, the country needs war on top of everything else! We have more than enough right now! We have enough problems to suggest the rally of the forces committed to renewal.



The CGIL General Council meeting approves the report submitted by Secretary-General Luciano Lama. It establishes that the confederation congress be held in November 1981. The documents and the methods relating to the preparation of the congress will be approved at one of the next meetings of the General Council scheduled for the month of March.

On the basis of the report and the debate, the CGIL General Council expresses its own judgment on the following points.

1. Labor Union Commitment to Earthquake-Stricken People of Lucania and Campania

The General Council underscores the significance and value of the mobilization and the generous impetus with which the workers--through the decisive contribution of the United Federation--have given of themselves and are giving of themselves in order to provide initial aid for the people stricken by the earthquake, as was done also through army units, through the fire brigades and, in general, through the contributions from volunteers and particularly young people.

It is important to make sure that the national fund drive now in progress, calling for a pledge of 4 hours' wages--meet with the utmost success so that the solidarity of the workers toward the earthquake victims be implemented as early and as specifically as possible.

The denunciations--beginning with the one pertaining to the chief of state--regarding the serious delay characterizing the initial aid action by government agencies are entirely in line with the truth and have been confirmed by the labor union's experiences. On the other hand, the wave of popular feeling and solidarity and the generous commitment of the workers to provide aid and solidarity tell us that the Italian people is ready for a united commitment to extricate Italy from an increasingly intolerable situation and that it is most eloquent in its denunciation of the inefficiency of government which is a consequence of a process of many decades involving a method of management, of power, to the point where there is real corruption in certain parts of the country. This is the real problem, as dramatized by the earthquake.

We thus, with renewed effort, propose the restoration and reform of the state, the change of the manner of government, the punishment of those guilty of wrongdoing on all levels of political life and of government, and the expulsion of the corruptors and the corrupt from the ruling class.

Immediate aid to the people and the effort to rebuild housing units, production facilities, communications and services can be successful only if they bear the mark of democratic participation and the direct cooperation of the people involved, without any mafia blackmail and without any favoritism or patronage. The political commitment of the labor union in that direction is essential so as to give it the indispensable material support deriving from solidarity.

This commitment and the organization of popular participation in the drafting of programs and action instruments are essential in order to work out and implement an organic plan for the rebirth and development of regions struck by the earthquake and neighboring areas, a plan which must become the axis of economic and multiannual planning. A great agreement among the labor forces of the labor unions and the cooperative movement can play an important role on this score.

The CGIL therefore is mobilizing all of its forces within the policy outlines and efforts of the United Operations Center established by the CGIL-CISL-UIL Federation for a resumption of civilian and productive life in the earthquake areas which would bear the contextual mark of renewal and of the transformation a historically out-dated condition and hence and effort of reconstruction which would open up a new page for the South and the significance of its truth in the country's life.

## 2. Urgent Labor Union Commitments

The General Council urges all organizations and members of the CGIL to participate with a maximum commitment in the deliberations started by the United Federation and underscores the need for upgrading the overall strategy which has a broad united base, as outlined in the document, a strategy already drafted at the EUR [abor union headquarters] conference and which must today be developed in depth and which must be improved in order to provide new impetus for the role of changing the economy and society which the labor union has adopted for itself. Concerning the alternate theses, the General Council invites the workers to discuss them without bitterness and to make their choice freely, supporting proposals which more organically and coherently link the solution of the individual problems to the general strategy for the country's renewal.

The debate and its choices must at the same time permit a united support effort which will be all the more effective since it will precisely be a consequence of a free debate in which--primarily in places of work and above all in the various union organizations--conclusive summaries will be advanced, including proposals different from those already investigated; a debate which will thus be organized in the richest fashion, designed to resolve and not to avoid the issues and the critical points at which the situation has arrived, issues and points which are listed in the federation's document.

The General Council furthermore underscores the need for the labor union during the next several months not to circle the wagons in the debate on the voting and, afterward, in the preparation of the congresses. It must immediately develop the initiative and the movement of the labor union to resolve the problems facing labor as a whole, problems which are a subject of the debate proposed by the federation.

It is necessary to develop the enterprise initiative on work organization; it is necessary to persuade the enterprises to draft enterprise plans in order to establish a connection between planning policy, sector plans, and enterprise decisions, especially in the biggest enterprises. Still looking at the matter of planning, the labor union must work hard and fight to make sure that the administration's 3-year plan and its economic policy will effectively tackle the crisis with adequate plans for energy, for agrobusiness, in the leading sectors of industry, in transportation, and to see to it that immediate initial measures will be taken to reform public intervention, starting with measures aimed at reorganizing the state participations system. The policies under examination by the administration do constitute a positive step toward planning for the state participations, sector by sector, and they propose measures which are indispensable for financial recovery; nevertheless, right now they add up to a rather evasive and partly negative response to the demands for reorganization on which depends the efficiency of the plans of the state participations system to a great extent. This, in any case, is a point on which there will be a confrontation with the administration which finally will

take up the central nature of the problem of state participations among the assumptions listed in the program.

A great commitment must be made toward the development of territorial action, especially in the regions of the South, involving the employers and local government levels in specific development planning initiatives. Similar to the regional disputes among the structures in the north, concerning the drafting of the development policies for the areas involved, it is necessary to come up with a list of policy choices concerning industry and the specific placement of investments in keeping with the South's development priorities. There are great possibilities in this field for summoning the workers and the people to fight so as to win new jobs and to create the material foundations for economic growth (development of the methane industry, facilities and services, systematic planning of industrial parks, etc.).

All of these sector and territorial action policies together must again be raised as part of the decisive problem of developing the South and, in this context, the problem of the rebirth of the earthquake-stricken zones. The earthquake in general once again raises the problem of the development of the South as a central challenge to the worker movement and to democracy and the way in which it is going to be tackled.

Over the next several years, the labor union movement must furthermore urge the workers to engage in an initiative and a struggle for the reform of hiring procedures and the labor market, rejecting any attempts to return their primary role to the bureaucratic agencies, to the detriment of the elective institutions. The labor union's commitment toward the passage of Law 760, toward a profound transformation in hiring methods, toward part-time work, toward students on work programs, working women and young people looking for jobs or holding only occasional jobs--this opens up very broad areas of endeavor and initiative also in organizational terms. The unemployed and the underemployed--and there are millions of them and they are to be found to a great extent in the least developed parts of the South--must be able to find a place where they can organize themselves and make decisions in the structures of the labor union, beginning with the zone council.

The labor union must renew its commitment toward the solution of the problem of pensions, supporting the rapid application of those legislative proposals which are most in line with the demands already advanced and with the agreements--not implemented as yet--that were spelled out at the time with earlier administrations.

The problems of the democratic reorganization and efficiency of the INPS [National Social Security Institute] must be tackled with determination in order to provide practical certainties for the entitlement of the insured, to pay pensions without painful delays for those involved, and to eliminate any still existing pockets of tax evasion.

### 3. Lessons Learned from Fiat Dispute

The lessons learned in connection with this important dispute show us above all that the judgment of the workers and the labor union cannot be confined to analyzing the contents of the agreement. On that score, the General Council, sharing the judgment already expressed by the Steering Committee of the Federation and the FIM [Federation of Metalworkers], considers positive the conclusion derived from the dispute since it

blocks the Fiat Corporation from ordering any layoffs and because, in terms of job turnover, it asserts important principles which must be considered in the battle on the plan for the legislative reform of the labor market, even though the limitations and negative aspects found in it cannot be accepted and have not been ignored either. The General Council, by way of self-criticism, underlines the negative fact that the Fiat dispute, starting with a proposal which concentrated on the problems of work innovation and productivity and which demanded a development plan for the auto industry, under the attack unleashed by Fiat, through the start of layoff procedures involving 14,000 workers, caused the council to fail to set the initial approach up properly, instead adopting a defensive posture, rather than engaging itself on the more advanced terrain of work innovation, productivity, and planning, since these are the essential fields where one must face the crisis of the enterprise and the sector on a national and international scale. The causes and general and specific reasons for this also move must be further investigated and it is necessary to draft a labor demand policy capable of interpreting the demands of the workers--in the matter of working conditions, job status, and working hours--a policy which would promote a change in the production structures and not the preservation of current conditions which the crisis persuades us to change. Otherwise, change will happen but all change will be to the detriment of the workers and will also lead to a further restriction of the bases of production and employment. The Fiat experience thus underscores the need, indicated once again by the General Council, to make sure that the Italian labor movement will employ its strength and power in the field of work organization, plant and equipment utilization, productivity increases, renewal of enterprise structures, sector and intersector policies, with proposals and demands which would carry us beyond the rigid policy line, identifying those that are going to be defended and upheld and those that are going to be eliminated and transformed, in order to develop the struggle for a different work organization, for the development of work quality and productivity, doing away with any attitudes aimed at the stubborn pure and simple defense of all of the aspects of rigidity which entail the risk of becoming instruments of conservatism and not of change.

The defensive posture in the Fiat dispute also persuaded the labor union to adopt forms of struggle which facilitated the divide-and-conquer effort of the employer among the workers who actively participated in the action and others who were passive, worried each day much more about the continuation of the stoppage of production activities, between the workers who were suspended from their jobs and the others, between the workers, the technical and administrative supervisory personnel, and the foremen, between the fighting workers of Fiat and a segment of the people of Turin.

The experience of the struggle at Fiat shows therefore that labor union action must be concretely concentrated on the problems of the renewal and reorganization of the industry and the economy as a whole and in that field it must face the decisive topics of work organization precisely in order to have the strength deriving from unity among the workers and the social and political consensus necessary to reverse the employer tendency, declared also recently by Federmecanica (Federation of Machine-Building Workers) in shifting the burden of the economic and production crisis upon the working class.



#### 4. Nature of Labor Union and Internal Democracy

In the debate which emerges again on the nature of the labor union, the CGIL rejects both the concept of the labor union as an "institution" and the idea of the labor union as a "movement." The CGIL remains loyal to the concept of the labor union as a democratic mass organization which safeguards its own autonomy in terms of choices and relations with the government and the employers, exercising it as part of its natural role as a contract and conflict as well as proposition-issuing and participating subject, an organization which thus asserts its own policy in the democratic debate with the workers, without wiping itself out through spontaneism. We are facing the problem of the ever greater representative nature of the labor union in dealing with important sectors of the working class with whom there is a difficult relationship (technicians, white-collar employees, supervisory and management personnel, etc.). This representative nature is achieved not only by coming up with suitable answers to questions of demand policy but also by rebuilding a capacity to come up with general proposals from the labor union regarding the problems of enterprise conversion. The shortcomings of summary and red tape, the excesses of mediation entrusted to the management bodies--these must be overcome through the intensification of internal democratic life within the labor union, entrusting the fundamental decisions of the organization to the assemblies and the structures at the grass-roots level. The leading bodies have the duty thus to propose the policy and action line, not only to verify this line together with the workers but to renew it on the basis of the broadest possible democratic participation.

In this spirit, the General Council stresses the idea that the delegates and the councils must remain the organizational base of the labor unions and of the CGIL, and that it is necessary to revive the operational capacity and increase their representative nature, also by reviewing mechanisms of formation and operation. In particular it is necessary for the clerical employees, the technicians, the researchers, and the management personnel in the enterprises also to find their representatives in the councils, just as all of the labor union tendencies and orientations really existing at the place of work must have a voice in the council. The delegates and the councils must--according to the Montesiilvano decisions--also be constituted in public employment and in the services.

The worker meeting has been and remains an essential instrument in the development of labor union democracy, that is, the meeting during which there must be a free debate, a real confrontation on the organization's choices, with precise guarantees, so that meetings will be held in such a manner that everybody, even the dissenters, will have every right to speak up and to vote. In these cases, when the inquiry that is made is so simple as to be answerable with yes or no, it may also be useful to resort to the referendum; but considering this instrument as a substitute for the meeting as such would be a serious mistake and would be the cause of possible cracks in the labor union.

Problems of democracy also arise inside the United Federation: not being able today to solve the problem of organic labor union unity and taking note of labor union pluralism, such as it is, although unity-oriented practice has enabled it to evolve, should not signify the abandonment of the objective of organizational unity, nor the acceptance of having the federation reduced more and more to the practice of action unity. The first problem of labor union democracy is to render more unity-oriented and efficient the level of elaboration and direction of the Federation, at the center

and in the worker category and territorial structures, by implementing the decisions of the unity council meetings of the EUR and by overcoming the resistance that prevents the establishment of zone councils. To this end, the generalization of zone structures--whose importance is decisive for the growth of unity experience and the growth of the local government district federations--will make important contributions.

It is furthermore important to check into the degree of adhesion of the workers to the confederations by periodically renewing the recruiting drive and the issue of membership cards, not to give rise to some kind of competition, but to improve the association relationships with the workers along lines of unity and to increase the number of unionized workers, operating over the entire vast area of unaffiliated workers.

An elementary prerequisite for democracy is that the representative bodies of the individual organizations take the various forces properly into consideration; for this purpose it is necessary to speed up the process, partially in progress right now, which is aimed at eliminating the criterion of parity in the federated structures on the various levels, making sure that each of the three major confederations will be adequately represented in all of the bodies of the Federation and thus guaranteeing full democratic implementability in all federation authorities.

The General Council confirms the fact that the CGIL will work to develop labor union democracy as much as possible, so that, inside it and within the Federation as much, the voices and the choices of the workers will carry greater weight. Under current conditions prevailing in the labor unions, the development of internal democracy is the most important guarantee of autonomy and unity of the labor union movement.

#### 5. Labor Union and Progressive Political Forces

The CGIL General Council denounces the dangers inherent in the moderate push which is being exerted today in the country's political and social life to link international events, attempts at employer resurgence and at the revival of Italian conservative forces. This tendency has a negative influence on the popular masses and among the workers themselves, an influence aimed toward corporative or individualistic choices, toward qualunquism and a lack of confidence in the possibility of changing the structures and society as a whole. This tendency is promoted by the repeated and noisy scandals which come out every day and which cause processes of destabilization in the orientation of the masses comparable to those springing from terrorist action. The labor union must actively participate in this struggle for the restoration of sound public life, not only because it is a clear and uncorrupted organization, but also because--like the struggle against terrorism and violence it is today the most strongly committed terrain for the defense of democracy.

The General Council confirms the conviction that the action of the workers aimed at victoriously emerging from the fight against conservatism and moderation and for the transformation of the country, needs stronger unity among the workers and broader understandings among all of the progressive political forces; in any case, we need a relationship of greater collaboration among the long-standing parties of

the left and we need a major effort aimed at establishing a united link between search and initiative which, from various political and cultural horizons, can lead us back to a progressive and reform-oriented effort. Independently of their position and the particular cabinet we might have, the division among the parties of the left and the progressive constitutes another obstacle to almost any process of renewal and opens the doors to moderation and conservatism. In the light of its many decades of fighting experience, because of the relationships of convergence always maintained with the political left and with the broader social left, ever preserving the autonomy and originality of its labor union experience, the CGIL is pledged to promote--also through specific contributions as an expression of its fighting experience--the drafting and evolution of relationships among the forces of the left and the progressive forces which are indispensable for the implementation of the strategy of change.

#### 6. International Issues

The General Council commits its full organization to raise for discussion among the workers, through the promotion of unity-oriented initiatives, on the various levels, the document of the CGIL-CISL-UIL Federation regarding international issues.

Many of the positions expressed there--from the need for stopping the arms race on the basis of negotiations on the Euromissiles, to the revival of the struggle for detente strictly tied to the establishment of a new international economic order--are still very timely in view of the continued existence and spread of foci of war and the preoccupying tendency toward a new arms race, to be revived after the American elections, and the continuing Soviet occupation of Afghanistan. In view of this there is a stronger need for a more active role of labor union collaboration in the broader international context.

The Italian government must take adequate and urgent initiatives and the Europe of the Community must step up its own unity-oriented initiative in support of peace, disarmament, and the new international economic order.

The Italian labor union movement and the European movement have an important role to play. The CGIL pledges that its organizations will work, in agreement with the United Federation, in promoting the necessary initiatives involving debate and mass demonstrations on these problems.

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## GOVERNMENT CONSIDERS MEASURES TO STIMULATE BUSINESS

Amsterdam ELSEVIERS MAGAZINE in Dutch 15 Nov 80 pp 212-214

[Article by H.P.A.N. van Arendonk: "New Fiscal Air for Suffocating Industry"]

[Text] The government is starting to understand the needs of industry a little better. Through tax facilitations attempts are being made to jack up the strongly decreased returns. However, nothing but some tax crumbs are being thrown. For a real and lasting recovery considerably more is needed.

The current malaise, in particular for industry, cannot be blamed only on employers and wage earners. It flows partly from a certain powerlessness of the parliamentary democracy. Instead of reprimanding the government when it spends too much, precisely the parliament is partly the cause of expenditures being so inflated. The effort of the Van Agt Cabinet was aimed at a stabilization of the collective burdens. In view of the expected increase of the social premiums burden, that would imply a decrease of the tax burden. But stabilization isn't even achieved. At the regional Economists Day, with the subject "Economic Consequences of the Levying of Taxes," Dr Posthumus (acting general treasurer) presented figures which proved that the collective burden has increased by an average of 0.45 percent per year and taxes by about 0.25 percent per year. Then it is interesting to know how this increase of burdens is divided among employers and wage earners. Although according to Posthumus it was the intention that the purchasing power of wage earners should increase an average of 0.65 percent annually, this figure was higher in all years except 1980, which is clearly evident from the strong increase of the labor incomes quota.

An increase of the collective burdens is also appearing for the coming year. The social premiums burden will increase by 0.6 percent according to the latest draft budget. Moreover, the government wants to make it appear as if the tax burden is decreasing, but you can't call a decrease in the tax burden of 0.6 percent because of 100 percent inflation adjustment a real tax decrease. Through two measures, an increase in the tax burden would nevertheless occur, namely an increase in the BTW [Value-added tax] from 4 to 4.5 percent and a one-time increase in income tax rates, in order to redeem with their yield the debt of honor to persons who were interned in the Netherlands Indies during World War II. The BTW increase has already been abandoned after the general debate, however. Instead there will be selective increases of certain excise duties. Besides the wage cost development, strong inflation has also been unfavorable for industry in the past years.



But since the determining of profit remains finally according to the commercial system, that is to say without adjustment due to inflation which has increased, the levying of taxes has taken place to a considerable degree on apparent profits. Because of this the strength of our industry has been seriously affected. The little was left over for investment, research, modifications and innovation. For years the government has taken and spent more than what it was collecting. The report "Inflation-neutral Tax Levying" by Hofstra was aimed at giving solutions for that. After the chamber debates on this it is clear that Hofstra's proposals will not be introduced. With a suspicion that inflation is increasing again this does not look very promising for industry. As compensation the government offers a few surrogate measures which are already applicable now:

A special profit deduction, that is to say a deduction on income related to the fiscal wealth of enterprises at the beginning of the year, currently 1.4 percent for enterprises under the income tax and 1.15 percent for organizations which are subject to the company tax. A proposal is being made to make this deduction definite now and to set it at over 2 percent. When inflation amounts to 6 percent or more, however, this compensation is very meager. Moreover, by having to start out from the fiscal wealth of enterprises, the government is again considering itself richer than it is in fact. Namely, in the fiscal wealth of enterprises the inflation of the past years has not been taken into account. The fact that one starts out from the fiscal wealth is a result of the Hofstra report. Hofstra asserted that in principle the (current) true value of the individual wealth must be taken as the point of departure but that one should start out from the fiscal wealth due to practical considerations, amongst others, because otherwise the inflation adjustment would be unworkable. Then it is rather curious that in a VAD [Excess Profits Sharing Bill] one can indeed work with a revalued wealth. If the special profit deduction is to be an inflation adjustment, then it ought to be granted on the basis of the commercial wealth and the percentage should be determined on the basis of the inflation which occurred in that year.

Already in the previous draft budget a profit deduction for inventories was announced. However, it was never instituted. Now a deduction of over 2 percent of the fiscal value of inventories at the beginning of the year is being proposed. This deduction, however, does not pertain to enterprisers who are already using an inventory system in which price increases are eliminated, such as the steel inventory system. This exclusion is not entirely correct, because these enterprisers are enjoying merely a tax delay, for ultimately, at the end of their proprietorship, they still have to settle the increase in value of their stock. The enterprisers who are going to get a profit deduction now, therefore have a definite tax advantage. Therefore there have been occasional pleas for the accumulating of the stock deduction until the moment of settlement, so that the tax deduction then may still be obtained. The fiscal inventory capital may not again be calculated into the special profit deduction. But just as with the special profit deduction, here one would also have to start out from the true value of the stock and the percentage would have to be made dependent upon the inflation of that year.

The deduction for independents will not yet be eliminated. With a profit of less than 67,000 guilders a deduction of 2,000 guilders is granted and for every 1,000 guilders more of profit that deduction decreases by 200 guilders.

The government still has other plans, however. During the 1980 budget discussion of Economic Affairs, Minister Van Aardenne announced that an inter-departmental task force of Economic Affairs and Finance would make proposals for the improvement of the supply of risk-carrying capital. There were also reactions from other sides for a better fiscal treatment of risk-carrying capital, for example from Bolens and from Van Veen of the VNO [Federation of Netherlands Enterprises]. Although in 1965 individual capital, in the sense of stock capital, was still 48 percent of the total invested capital, in 1977 it was only 25 percent. Also, the number of issues of stock has drastically declined during recent years. We can approach this problem from two sides, namely from that of the company and that of the shareholder. From the company's view, the problem is especially related to the indeed very unfavorable fiscal treatment of private capital relative to outside capital. In outside capital, such as loans, interest is deductible from the profit. Moreover, in case of inflation one has to pay back with only the same nominal guilders. It is different with stock capital, for dividend payments are not deductible from the profit. Dr. Soetekouw (member of the board of directors of ~~ABN~~ Nederlandsche Woonstandaard) gave a striking picture of this.

	outside capital	private [internal] capital
investment	fl. 1,000	fl. 1,000
desired return		
after taxes	7.5 percent	7.5 percent
marginal tax rate	50 percent	50 percent
to be paid out		
to enterprise	fl. 150	fl. 150
	deductible	to be raised additionally
impact on company tax	fl. 75	fl. 150
burden for the enterprise	fl. 75	fl. 300

From the shareholder's view we have to look at the manner of taxing company profits. In the Netherlands we have the so-called classical system, leading to double taxation. Besides the Netherlands, only Luxembourg still uses this system. This double tax burden occurs as follows: Suppose the company profit is 1,000 guilders; deducted from this is the 48 percent company tax so that 520 guilders remain for dividend payment. If this is paid in its entirety, then at the highest marginal income tax rate of 72 percent, 374 guilders go in taxes so that ultimately 156 guilders remain. The total joint tax burden of Vpb [company tax] and IB [income tax] then is 85.4 percent. The result is that many companies, such as family enterprises, prefer not to pay out the profits or else pay only after a number of years.

What solutions are conceivable here? On the one hand, a primary dividend could be made deductible, which could be compared to interest deductibility. This system fully meets the desired equal fiscal treatment of private and outside capital.

On the other hand, one could also arrive at one way or another of compensating the company tax with the income tax. In the other EEC countries, except for Luxembourg and the Netherlands, one form or another of a compensating system is being applied. In the EEC context attempts have been made for many years to come to harmonization in this area. And Luxembourg is currently considering going over to a compensating system, which would imply that the Netherlands would be the last to continue to hold out. A lost struggle, in my opinion. In spite of these European developments, Economic Affairs and Finance are still of the opinion that the classical system must be preserved. This rigid Dutch attitude is especially related to our international position. The arguments for rejecting a compensating system here and there are not very strong. According to the government, such a system would affect only bigger corporations and partnerships which usually pay dividends. But wouldn't it be true that because of the current heavy double taxing dividends are purposefully not paid out? A lower tax burden could have a positive effect on the willingness to start paying out more dividends, through which the attractiveness of shares would certainly increase. When the government asserts that it is a matter of a broad set of problems for the entire industry, which flows primarily from the low level of industrial profits, then that is a situation which is partly caused by the classical system. For precisely because of this system one has been forced the last few years to change over increasingly to financing by outside capital instead of private capital. A result of this is heavy interest burdens, again partly caused by the multiple appeal of the government to the capital markets, through which great amounts for financing are being drawn away and through which the company profits have decreased even more. The government's reasoning suffers from lack of depth and doesn't mention the true causes. Subsequently various problems of execution are then brought up, while the EEC countries surrounding us are indeed capable of introducing a compensating system.

As emergency dressing, but indeed intended for an immortal life, the government offers a dividend exemption of 500 guilders. I fear that the amount is somewhat too low to blow new life into enthusiasm for shares. For that matter, it doesn't furnish any structural improvements. The heavy joint tax burden of Vpb and lb will decrease appreciably only for the small shareholder. Furthermore, because of this measure the private capital position of companies will not improve rapidly. What could be favorable, however, would be a second measure, namely the establishment of private participation societies which will participate especially in the risk-carrying capital of medium-size and small companies. The government will guarantee losses on such participations to a maximum of 50 percent of the acquisition value. The plan is for these participation societies to obtain the funds to be invested by them from the shares to be issued by them. In order to stimulate the purchase of these an exemption of 1,000 guilders is being proposed for dividends received (besides the other dividend exemption of 500 guilders). Economic Affairs and Finance are of the opinion that it is not probable that these participation societies will get an adequate and regular stream of dividends at their disposal in a timely manner. Therefore I wonder whether it will be attractive to private, and therefore especially small, shareholders to invest in these participation societies. Wouldn't it be much better, instead of a dividend exemption, to give an income deduction tied to a maximum, amounting to a certain percentage of the purchase price of these shares?

In countries such as France and Spain similar stimulation measures are also known. Through these, willingness to invest in risk-carrying capital will increase more rapidly. Moreover, due to the direct tax advantage people will be willing to abandon immediate dividend payments.

## PCP RELATIONS WITH GUINEA-BISSAU, CAPE VERDE

LD191151 Lisbon AVANTE in Portuguese 15 Jan 81 p 3

[Article: "PCP Leader Visits Guinea-Bissau"]

[Text] In its announcement of PCP Central Committee Political Commission and secretariat member co-conrade Domingos Abrantes' 9 January return from Guinea-Bissau, the PCP information and propaganda section stresses that "the visit to Guinea-Bissau was carried out within the framework of traditional friendly relations with a view to the PCP improving its acquaintance with the situation that exists in that country following the 14 November events.

"During his visit," the information and propaganda section note continues, "Comrade Domingos Abrantes met with a delegation composed of Victor Saude Maria, deputy chairman of the Council of the Revolution, member of the African Independence Party of Guinea and Cape Verde [PAIGC] Executive Committee of Struggle (CEL) and minister of foreign affairs; Tiago Lopes, member of the PAIGC CEL and chairman of the PAIGC committee for the Bissau autonomous sector; Francisco Ba, member of the PAIGC CEL; Mario Cabral, adviser to the Council of the Revolution and minister of rural development and information; and Francisco Mansoa, the PAIGC's director for national education in Bissau.

"At the meeting," the information and propaganda section note continues, "an exchange of information and opinions took place and the shared desire to continue and to intensify the relations of friendship and cooperation was reasserted."

Since this PCP leader's visit prompted some speculation, particularly on the part of certain news media, the information and propaganda section published on the following day a clarification in connection with the current reports, which reads as follows:

"The PCP information and propaganda section is able to provide the following clarification: there is no foundation to the report published by certain news media that the PCP has 'offered to act as intermediary between Guinea-Bissau and Cape Verde.'

"The differences of opinion and possible divergences that may exist between the comrades of the PAIGC of Guinea-Bissau and of Cape Verde constitute an internal matter, in which the PCP has no intention of involving itself.

"The PCP's relations of friendship and cooperation with the PAIGC have long traditions, created in the joint struggle against fascism and colonialism.

"In view of recent events and with a view to becoming better acquainted with the new situation, the PCP proposed to the leaders of Guinea-Bissau and Cape Verde brief visits to those countries by members of its leadership.

"Since these proposals were favorably and fraternally received by both Guinea-Bissau and Cape Verde, PCP Central Committee Political Commission and secretariat member Comrade Domingos Abrantes visited Guinea-Bissau on 7-9 January. In a few days' time another member of the PCP leadership will be leaving for Praia.

"These are information-gathering visits within the framework of fraternal relations and in no way an attempt at or offer of mediation."

(SO: 1101)



## PCP POLICY POSITION ON FORMATION OF NEW GOVERNMENT

LD160901 Lisbon AVANTE in Portuguese 8 Jan 81 p 3

[Apparent text of PCP Information and Propaganda Section Note on Formation of New Portuguese Government]

[Text] 1--The announced composition and structure of the next "Democratic Alliance" government headed by Pinto Balsemão fully confirms that the reactionary parties are trying to continue in government action the antidemocratic and antipeople policy pursued by the previous Sá Carneiro-Freitas do Amaral government.

2--Despite the modifications of style and image imposed by the Democratic Alliance's resounding 7 December defeat and by the subsequent failure of its subversive plan, both statements by reactionary party leaders and the new government's composition clearly indicate that reaction will persist with a policy of extreme exacerbation of the people's living conditions, of attacking workers' rights and democratic freedoms, of manipulating the state-owned media, of attacking the economic and social transformations that are an essential part of the democratic system and of submitting to imperialism.

3--Being the result of a difficult and troublesome sharing of influence and posts among the parties, the government's composition and structure scandalously reveal that they were eventually determined not by criteria of elementary efficiency and qualification but basically in accordance with the need to surmount the "Democratic Alliance's" internal difficulties, contradictions and sensitivities and to satisfy personal ambitions and partisan patronage.

From the cynical, demagogic and ridiculous creation of a Ministry of the Quality of Life in a coalition government which is at present waging an extensive and violent attack on the people's living conditions, through the more than suspect technical electionism of certain ministers to the obvious fact that some ministries were formed solely so that former ministers could continue as ministers while, on the other hand, others were not created because nobody could be found to fill the posts--everything confirms that as far as the "Democratic Alliance" is concerned, the country's government, instead of being a decisive tool for resolving the nation's problems, is above all an operational base for serving the interests of big capital, for attacking the democratic system and for acting as a headquarters and rubber stamp for the reactionary parties' political personnel.



4--The laborious process of forming the new "Democratic Alliance" government and its very composition and structure have clearly revealed the serious difficulties and contradictions with which the "Democratic Alliance" is struggling in the new political situation stemming from the presidential election results. It is important to warn that it is not through any false hopes about the evolution of these difficulties and contradictions that the democratic forces can confront and combat the disastrous policy of exacerbating the nation's problems that the new Democratic Alliance government is clearly announcing.

The defense of the people's interests, the real solution of the nation's problems and the safeguarding of the democratic gains which, as the "Democratic Alliance's" plans to revise the constitution show, the reactionary parties aim to eliminate, clearly point not to the concession of any political or social truces to the new "Democratic Alliance" or to the establishment of any agreements or compromises between the democratic forces and reaction, but to the intensification of the struggle of the workers, the people's masses and the democratic forces and to progress in their combative unity against the "Democratic Alliance" government's policy with the aim of achieving a democratic turnabout in national politics.

CSO: 3101

## TURKEY FREEZES RELATIONS WITH ISRAEL

## Relations at "Minimum" Level

Istanbul MILLIYET in Turkish 3 Dec 80 p 3

[Text] Ankara, Special -- The Turkish government has decided to reduce to the minimum level diplomatic representation with Israel, as of today at the charge d'affaires level, and informed Israel of this on 26 November. According to this decision, "which is to be realized within 2 or 3 months at the most," Turkey will bring home all diplomats assigned to the mission in Tel Aviv and will leave behind only a second secretary to conduct consulate services. When Israel took the decision to annex the Arab section of Jerusalem, Turkey dismantled the consulate general in Jerusalem and transferred its functions to the mission in Tel Aviv. This latest decision is also bringing home the commercial and military attaches in Tel Aviv and thus all relations between Turkey and Israel are being reduced to and frozen at the minimum level.

Israel likewise will leave only one second secretary at its mission in Ankara; personnel providing consulate functions in the Istanbul consulate will be reduced to the minimum level, with the commercial attaches and information officers leaving Istanbul.

Authorities said that no negotiations had been entered upon with Israel on this decision because there was nothing to negotiate and that the two sides had been allowed a given time in which to implement the decision. They pointed out that the new Israeli charge d'affaires who had begun duty in Ankara only 2 weeks ago had not yet officially visited the foreign minister and for this reason would not be considered to have officially begun duty.

According to political observers in Ankara and the information given by the authorities: "This decision is a result of a harsh and uncompromising policy by which Menachem Begin is gradually pushing Israel into greater isolation. Turkey was the first of the nations to react early and strongly to the Jerusalem annexation decision, closing its consulate general in Jerusalem in this connection. Moreover, Turkey has a very active position in the efforts conducted to date in international organizations for the restoration of the legal and natural rights of the Palestinian people. Turkey, as a member of the Islamic Conference, joined in the draft resolution presented to the special UN meeting on Palestine. This draft resolution, which was adopted by a large majority, allowed Israel until 15 November 1980 to begin withdrawal from Jerusalem and the occupied Arab territories. However, the

Begin government, as if ignoring this, is now preparing another law envisaging annexation of the Golan Heights and is allowing Israeli settlements on the West Bank to continue. Reactions against this policy which puts Middle East tension in a dangerous position are increasing today, not just in Western Europe, but even among American Jews, and Menachem Begin's attitude is being criticized for driving Israel into isolation. A recent bulletin published by the EC nations makes this opinion clear.

"As a regional nation as well as in its capacity as a member nation of the Islamic Conference, Turkey had to cut back its relations with Israel in accordance with the Middle East policy it has believed in and practiced to date. It waited to do this until the 15 November deadline in the UN resolution had passed and prepared and sent the note to Tel Aviv after it was clear that there would be no change in Israel's uncompromising attitude. Actually, this decision, which only formalizes the nominal state toward which Turkish-Israeli relations had been heading for some time, is a result of the Turkish principle of avoiding contradiction in its foreign policy."

#### Foreign Ministry Announcement

Foreign Ministry spokesman Oktay Iscen, asked about the reports on this decision by Turkey, made the following statement:

"Seeing that Israel had no intention of reversing the uncompromising policy it has embarked upon in the Middle East conflict to which it is party or the facts accomplish it is trying to create as to the legal status of Jerusalem, the Turkish government has decided to restrict its relations with Israel and to lower reciprocally the level of representation.

"The Israeli government was informed on 26 November 1980. In accordance with this decision, all diplomatic personnel with the exception of one second secretary who will serve with the title of temporary charge d'affaires will be withdrawn reciprocally within 3 months."

#### Foreign Minister Addresses Situation

Istanbul MILLIYET in Turkish 4 Dec 80 p 7

[Article by Nilufer Yalcin]

[Text] Ankara -- Foreign Minister Ilter Turkmen denied rumors that the decision to limit relations between Turkey and Israel, reducing them to the minimum level, was the result of "suggestions or pressures" from certain Arab nations. "They are groundless. It has nothing to do with my trip to Saudi Arabia," he said, adding:

"This decision is compatible with the principles of the Middle East policy which Turkish governments have followed for the past 15 years. The uncompromising attitude of the Israeli government, increasing tension and danger in the region, has begun to meet reactions today, not just in a regional nation like Turkey, but also in Europe and various parts of the world. Turkey, as a member nation of the Islamic Conference, has to comply with the resolutions adopted at this conference, bearing in mind also its own national interests. Following Egypt's expulsion from the Islamic Conference, Turkey was the only member nation maintaining relations with Israel.

"Israel, despite all warnings and the resolutions and appeals adopted in international forums, has chosen to harden its Palestinian policy, increasing tension and danger in the region. In the face of this situation, it is natural that Turkey should pursue the policy of limiting relations which had been begun by the previous government. We have not completely severed relations with Israel; representation will continue through a second secretary each at the charge d'affaires level. However, this decision is an extension of a series of warnings we have made to Israel and the Israeli government was informed thus.

"The rumors that we made this decision under pressure by or at the suggestion of the Arab and Islamic nations are without basis, because, as I said before, it is another in the restrictions which were initiated earlier, especially upon the annexation of Jerusalem. However, it is necessary to admit also that it is compatible with Turkey's long-term interests."

The first reactions from Arab missions in Ankara following announcement of Turkey's decision were very positive. On the other hand, authorities of West European and allied nations made no official statements, but said that "this decision by Turkey comes as no surprise, reactions against and doubts about Israeli policy are growing in Europe also, as was made clear in the recent EC bulletin." Western observers expect no negative developments in Turkey's relations with the West because of this decision. On the other hand, it is not yet known how the United States will interpret this decision, especially considering the new President Reagan's attitude toward the Palestine Liberation Organization, or how the Israeli lobby will react.

A point on which Turkish and foreign sources agree is that this decision will contribute significantly to the development of Turkish-Arab relations. Saying that a problem which "was a shadow over" the relations with the Islamic nations of Turkey which is a member of the Islamic Conference "has in fact been largely diminished," authorities maintain the view that "Turkey has increased its chances to pursue a more stable and effective policy in this region from now on. This is also a factor to create satisfaction in Europe where concern and anxiety is felt over the steadily worsening situation in the Middle East. It is compatible with Turkey's long-term interests as well."

This decision seems to have come as something of a surprise for the Israeli government.

Israeli diplomatic circles say, "One wonders if this decision will indeed help bring stability in the Middle East. To date, it had been considered useful from the standpoint of preserving stability and balance for a strong regional state like Turkey to maintain relations with both sides. This was Turkey's view. Why is this change being made now, what advantage is hoped to be gained by it? We do not yet understand this."

According to certain neutral observers, meanwhile, this decision by the Turkish government is not "the result of long deliberation, consultation and evaluation," but of internal government discussion as a consequence of the outcome of certain events and developments. This is why the Turkish government saw no objection when Dr. Tzachi Cohen came to replace the former charge d'affaires who had left about a week earlier on 31 October for a new assignment in Israel. When Cohen visited

Foreign Ministry Secretary General Gufun, it was pointed out that the "foreign minister would be unable to talk with him as he would be traveling abroad rather extensively in November" and he was told that he could begin his duties and courtesy visits. Two weeks later, however, Turkey announced officially in Israel the decision to restrict relations. Some sources draw the conclusion from this that there is a connection between this decision and Turkmen's Saudi Arabian visit and say, "Turkmen went to Riyadh on 8 November, he went from there directly to Madrid and returned home on 21 November. The decision was probably discussed by the government after this and made final on 26 November."

Another view on which foreign observers agree is the idea that "relations between Turkey and Israel had already been reduced to a minimum level in recent years and therefore the decision will not bring much of a real change but may have an effect on Israel's (as published) certain foreign nations and organizations." Turkish authorities, however, think there is little possibility of such a development considering the present international conjuncture.

8349

CSO: 4907

## FINANCE MINISTER PROFILE, DETAILS OF 1981 BUDGET GIVEN

## Profile of Finance Minister

Ankara YANKI in Turkish 24-30 Nov 80 p 17

[Text] Minister on the Cover: I. Kaya Erdem

Finance Minister Kaya Erdem is described by close friends as "a man who does not know how to say no." "He cannot say no because he is such a gentleman; he thinks it is bad, but he has not yet learned that everyone cannot easily fit into his mold," they say. In a way, he is "from the Canturk school," they add. They point out that K. Erdem, who is known at the ministry as being "really up on Treasury matters," has very quickly become the master of other matters as well, especially with the competence he has shown in regard to taxes.

Nobody has a "colorful" story or anecdote to tell about K. Erdem. A close friend says, "His life is very orderly. The most colorful thing about him is probably that he is totally colorless." The most serious criticism of K. Erdem, meanwhile, is that he takes his time making and carrying out decisions.

Kaya Erdem, who came into the world on 10 September 1928 in Safranbolu District of Kastamonu, is the elder child of the family. His father was a teacher and as he was appointed to Bartın District of Zonguldak, Erdem attended primary and middle school there. He was on the honor roll in middle school. He was his father's student. His mathematician father Ahmet Hilmi played a big role in his choosing economics. After attending Istanbul Commercial Lycee, he completed the Istanbul College of Advanced Economics and Commerce in 1951. He joined the Sugar Company, where he studied on scholarship, as an accounts clerk and rose to director general of accounts. From here, he went to the Finance Ministry. He worked in various jobs in the Treasury Directorate General and the MIT [International Economic Cooperation Organization General Secretariat]. At various times at these organizations, he was deputy director general, first assistant, director general, secretary general and expert. A friend who has worked at the highest levels of the Finance Ministry and the Agriculture Bank says, "The Finance Ministry is quite reactionary towards the KIT's [Public Economic Enterprises]. As soon as Erdem came in, the ministry's way of looking at the KIT's changed. While I was at the Agriculture Bank, we worked very comfortably during the Erdem period."

Finance Minister Erdem loves soccer football, played on his school teams and is a Besiktas fan. He now plays tennis.



Erdem, who in addition to his job at the Finance Ministry has been a teaching member at the Eskişehir Academy of Economics and Commercial Science for some time, was economics advisor at the Turkish embassy in London for 6 years from 1966 to 1969 and 1973 to 1976. After he returned to the country in 1976 and resumed his job at the MIT General Secretariat, Social Security Minister Ahmet Mahir Ablun of the First National Front government brought him to the head of the SSK [Social Security Organization]. Labor peace at the SSK was in complete disarray. Resistance was about to begin at the hospitals and strikes at the bureaus. Erdem had separate meetings with the DISK [Confederation of Revolutionary Worker Unions] and Turkish Confederation of Labor unions. He resolved the conflict and signed a 3-year collective agreement. He stepped up the efforts which had been begun to allow civil servants to take advantage of housing credits. Turkish Health Workers Union President and former JP National Deputy Mustafa Basoglu said of Erdem: "He is a real administrator." DISK unions also were complimentary towards Erdem.

As his brother Tarhan Erdem was being elected an RPP national deputy in 1977, Social Security Minister Turhan Kapanli of the Second National Front removed Kaya Erdem from his job. Erdem returned to the Finance Ministry as an expert. When the RPP came to power, it brought his other brother (Turgut Erdem) to head the Agriculture Bank.

Erdem's elder daughter, like her father, is a financial expert. She is a specialist on the Turkish economy, employed at the London branch of City Bank.

It is said that Erdem, with an apartment in the cooperative built by Sugar Company workers, lived an economically austere life as the other wage earners did. His brother Turgut Erdem said, "I believe he will do everything he can to resolve the problems of the low income groups because he has worked for wages himself."

Bulent Ulusu brought Erdem to the Finance Ministry from the position of counsellor at the London embassy.

#### Budget Details Given

Istanbul MILLIYET in Turkish 2 Dec 80 p 7

[Text] Ankara, Special -- At a press conference yesterday, Finance Minister Kaya Erdem gave information on the 1981 budget which was sent to the National Security Council the night before. He said that the new budget would be effective against printing money and inflation and would be based on solid resources. Erdem announced that the 1981 budget was pegged at 1,581.8 billion liras. According to the information given by Finance Minister Kaya Erdem, the basic figures of the 1981 budget are as follows:

--Investments are allotted 667 billion liras. Of this amount, 323 billion liras will be used for the investment needs of the general and mixed budget organizations, 317 billion liras for the KIT's and 26 billion liras for other organizations and local administrations.

--Personnel costs are allotted 406.8 billion liras, and 305 billion liras will go for other current expenses. Total transfer spending is set 347.2 billion liras.

--To finance the 1981 consolidated budget, 1,503.9 billion liras are envisaged from general budget revenues, 17.9 billion liras from mixed budget revenues and 60 billion liras from domestic borrowing.

--Of general budget revenues, 1,354.8 billion liras will come from taxes, 89.1 billion liras from non-tax revenues and 60 billion liras from special revenues and funds. Income taxes will provide 60.3 percent of the tax revenues.

Kaya Erdem said in his statements on the 1981 budget that the net currency to go to fixed income groups and retirees would increase between 40 percent and 50 percent and that this was necessary to ensure fair taxation.

Noting that there would be no hiring this year at the overstaffed KIT's, Erdem also stressed the following matters at the press conference:

--A new arrangement will be made to provide a fixed increase between 1,250 and 1,500 liras to be added in equal installments to the salaries and pensions received by public personnel and retirees. Work on this is under way at the Finance Ministry.

--When the tax deduction and fixed increase efforts are completed, net pay received by public employees and retirees will be the equivalent of a coefficient of 50.

--Moreover, maternity benefits are raised from 1,000 liras to 2,000 liras.

--Per diem allowances will be revised to conform to present economic conditions and travel expenses, on average, will be raised 100 percent.

--Teaching and instructional services compensation to be paid monthly will be 750 liras for primary school teachers and 1,000 liras for middle and high school teachers.

--The Retirement Fund Law will be amended to raise retirement pensions about 30 percent. Retirees will also be able to benefit from the 1,250-1,500-lira increase. In this way, the increase for retirees will be around 40 percent net. The inequality between those retiring prior to and after 1970 will be eliminated. This bill will soon go to the Council of Ministers. A decision has been reached in principle also for the same sort of measures to be taken for retirees of the SSK and the Social Security Association relating to Tradesmen, Artisans and Independent Workers.

Finance Minister Kaya Erdem also gave information at the press conference on other matters contained in the 1981 budget and on the details of the budget. Noting that the 1981 budget was prepared under difficult economic circumstances and that inflationary pressures were affecting economies worldwide, Kaya Erdem pointed out that the basic goals of the budget were to raise the income level of society, to recreate the lost middle class and to remove the negative effects of inflation on savings, investments, production and income distribution. He said the following in summary:

The 1981 budget is based on stable resources. A tax package based on firm foundations in public revenues has been prepared and the necessary legal revisions have been initiated. The decline in added value in the manufacturing industry and the industrial sector in general seen in 1979 for the first time since planning began is expected again in 1980. The economy's balance of payments difficulties have also continued in 1980. Despite the measures taken, our foreign trade deficit will increase even more this year as compared to last year. The reason for this is the rapid clearing of import requirements accumulated in 1980 and the 100 percent increase in oil prices over last year."

Touching also on price increases, the finance minister pointed out that prices rose 7.1 percent again in October and, mentioning the 8 billion-lira reduction in printing at the end of September, said, "Great care is being taken not to let price increases get out of control again."

Kaya Frano listed the features of the 1981 budget as follows:

--The budget will be an inflation-fighting budget with no respect for deficit financing and will proceed in harmony with economic stability and development. The main goal of the 1981 budget is to restore the middle class lost by inflation.

--International economic developments show that the foreign economic conjuncture of the years ahead will make Turkey's efforts to develop more difficult. Efforts to activate and make the most of domestic resources and economic potential must be further promoted in 1981. A basic goal of the budget is to mobilize production forces for growth and industrialization.

--The 1981 budget aims for the goal of development. Budget preparations were kept in full harmony with the 1981 program. Spending is balanced by the program in the budget.

--First priority in the investment policy goes to the energy sector. Second priority is on completing unfinished investments and getting them operating.

Saying that the 1981 budget shows a 103 percent increase over initial appropriations of the 1980 budget, the finance minister said, "However, if one takes note of the fact that the appropriations part of the 1980 budget had risen to 3,175 billion liras by the end of October 1980, it is seen that the new budget represents only a 34 percent increase over the October 1980 budget."

As to the investment budget for fiscal year 1981, the finance minister said:

"The number of public sector projects, which stood at 3,800 in 1970, rose to 9,100 in 1980 and the total project cost was 286.2 billion liras. Appropriations for these projects in 1980 are 306 billion liras. There is a large inventory of investments which could not be completed and put into production because of large increases in workers' wages. Priority has been given in the 1981 budget to energy, mining, agriculture, transportation, communications and infrastructure investments. The existing project inventory was seriously reviewed and projects which cannot be put into production in a short time were postponed to future years or removed from the program. While weight is given as a general principle to the completion of on-going work, the need for hard currency was also addressed and importance and priority given to projects with export potential planned for completion in 1981 and 1982."

#### **History of KIT's**

Also touching on the KIT problem at the press conference, Finance Minister Erden noted that these organizations accounted for 43 percent of the 547 billion lira transfer budget and said that the KIT's would have an operating deficit of 60 billion liras in 1981, that they would invest 317.3 billion liras and would require resources of 377.3 billion liras. "Central Bank resources will definitely not be drawn upon to finance the operating deficits of these organizations," he said. Erden pointed out that credit would be obtained from the Central Bank for the KIT's only to enable them to make support purchases of agricultural products. "But these credits will be paid back as the products are sold and exported," he said. Erden said the following about the KIT's:

--There will be no operational deficits in the organizations which produce basic goods and services of whose prices are set by the government in accordance with special laws. On the contrary, a climate will be provided in which they will create resources in excess of 35 billion liras.

--Moreover, to prevent overstaffing at the KIT's, no hiring is envisaged in 1981 except in special and restricted situations and vacated positions at organizations known to be overstaffed will not be filled.

--Another important 1981 policy for the KIT's is that they will be able to set their prices freely. In this way, the fixed-price practices which create a double tier of prices on the market will be avoided in particular.

--In addition to the price policy, a basic policy of the KIT's in 1981 will be the prompt taking of measures to reduce costs and raise productivity.

#### **Ministry Budgets**

Meanwhile, approximately one-fifth of the 1981 budget is earmarked for the National Defense Ministry.

The National Defense Ministry budget in 1981 [as published] was set at 117.7 billion liras, while this figure is increased by 184 billion liras to 297,940,901 liras in the 1981 budget.

The Ministry of State and Prime Ministry budgets have also grown in the 1981 fiscal year budget. The Ministry of State budget rose from 172.4 million liras in 1980 to 274.6 million for 1981 and the Prime Ministry budget rose from 4.2 billion to 1.1 billion.

Appropriations for the ministries in the 1981 budget are:

Justice Ministry, 21.8 billion liras; National Defense Ministry, 297.9 billion liras; Interior Ministry, 70 billion liras; Foreign Ministry, 9.3 billion liras; National Education Ministry, 147.1 billion liras; Public Works Ministry, 14.3 billion liras; Trade Ministry, 1.2 billion liras; Health and Social Assistance

Ministry, 55.4 billion liras; Customs and Monopolies Ministry, 3 billion liras; Agriculture and Forestry Ministry, 27.8 billion liras; Communications Ministry, 12.1 billion liras; Labor Ministry, 1.9 billion liras; Industry and Technology Ministry, 7.6 billion liras; Tourism and Information Ministry, 6.7 billion liras; Reconstruction and Resettlement Ministry, 11 billion liras; Village Affairs Ministry, 58.9 billion liras; Energy and Natural Resources Ministry, 9 billion liras; Youth and Sports Ministry, 682 million liras; Culture Ministry, 6.8 billion liras; Social Security Ministry, 121 million liras.

## BIO. INTERVIEW WITH FOREIGN MINISTER TURKMEN

Nicosia OLAY in Turkish 8 Dec 80 pp 11-12,14

[Text] Who is Iltis Turkmen?

In 1959 as Turkey was heading for a dictatorship under Menderes and tension was spreading from parliament to grip the entire nation, then Foreign Minister Fatin Rustu Zorlu held a press conference for foreign correspondents in Ankara. Zorlu spoke in French and an ambassador in the capital was translating his statements into English. But Zorlu was unhappy with the translation. First he tried translating himself, then he shouted in frustration, "Bring me Iltis." The young foreign officer appeared momentarily and performed admirably. This same officer was always to succeed in every job given him in his professional life. He was to climb the ministry ladder quickly and find himself foreign minister on 20 July 1980.

Iltis Turkmen was born in Istanbul in 1927 as the child of a military officer. His father was military attache in Athens. It was there he had learned French. He went to school for a year at Erzincan, where he was to return later on duty. Then he spent a year in Moscow with his father who was military attache there. From there he went to Galatasaray as a boarder. After finishing high school in 1945, he entered the Political Science Faculty from which he was graduated in 1949.

His first job at the Foreign Ministry was in the Middle East and Balkans office which was then called the Second Office. His first supervisor was Muharrem Nuri Birgi, and Iltis Turkmen tells everyone that he learned everything he knows from Birgi.

His first job abroad -- as with many other prominent Turkish foreign officers -- was at NATO. Being chosen for Fatin Rustu Zorlu's NATO team was considered a sign of a bright future for Iltis Turkmen. He was in charge of defense and political affairs there. He returned to Ankara in 1957 and served as director of the Middle East Branch until he was sent to the United Nations in 1959. In this connection, he was in the center of the turmoil created by the Iraqi "revolution." He gained knowledge and experience in "crisis management," in which he would later become an expert. He traveled frequently with then Prime Minister Menderes and Foreign Minister Zorlu. His father Behcet Turkmen was a general, closely associated with the Menderes administration and was made chief of National Security. Because of this, he became acquainted especially with Fuat Koprolu and Adnan Menderes.



He lost his brother Guner, who like himself was a rising foreign service officer, early in 1959 in a plane crash en route to London for the Cyprus agreement with Nicosia. He did not stay long at the United Nations and, when he was appointed Counselor in Egypt, he had been a civil servant for only 9 years. Once while he was on leave from Cairo in 1961, a coup took place in Damascus which ended the Syrian-Egyptian union. As Turkey immediately recognized the new Damascus government, Nasser severed diplomatic relations with Turkey, and I. Turkmen could not return to Cairo. He was counselor at the Washington embassy from 1961 to 1964. There he experienced the Cuban missile crisis of 1962 and Kennedy's assassination in 1963. He returned to Ankara in 1964, serving first as director general of the Second Office, then as director general of the Political Planning and Cyprus-Greece office. This was a busy time in the capital for I. Turkmen. He was an adviser to the foreign minister. Then he was made deputy secretary general for political affairs. It was during this time when he was working with a dynamic team most of whom were former classmates from Galatasaray that people not on the team said, "Iler Turkmen has established a clique." Turkmen was always afterward to be confronted by this accusation. Neill Akbil from that team has died; Ozdenir Yigit is now ambassador to East Berlin, Fahri Alacam is Athens ambassador, Kamuran Gurun is secretary general, Oktay Cankardes is deputy secretary general for political affairs, Oktay Iscen is deputy secretary general.

Turkmen was in Ankara during the Cyprus crisis of 1967, and the experience he had gained earlier was of great benefit. Turkey turned back from the brink of war and won many concessions, including Grivas' leaving Cyprus. In 1968 when he was appointed ambassador to Athens, he was 41 years old, a foreign officer of 18 years. There he helped keep relations from going under during the administration of the Greek junta until 1972. He was then appointed ambassador to Moscow where he stayed until 1975. Turkmen, who says, "I had the finest, most valuable experiences of my professional life in Moscow," contributed to the development of Turkish-Soviet relations, and the "good neighborly relations," which have been practiced ever since, came to the Turkish Foreign Ministry to stand beside NATO relations. I. Turkmen also learned Russian in Moscow.

Appointed chief delegate to the United Nations in 1975, Turkmen remained there until 1978. The RPT administration, which practiced a policy of allowing ambassadors to remain abroad no longer than 7 years, brought Turkmen back to the capital as an adviser and, partly because he had been too close to the former DP and Justice Party administrations, partly because he was too attached to NATO, refused to give Turkmen an active job. This was a time of frustration for Turkmen. Recalling those days, he now says, "For two months I was looking for an office at the ministry. First I was told I would head the law of the sea delegation. Then that fell through. Then it was said, 'You'll look after the Conference on European Security and Cooperation affairs.' Those were the days of my semi-retirement." But those days did not last long. Waldheim had known Turkmen well in New York and nominated him for Southeast Asia assistant. This post in Thailand, Cambodia, Malaysia, Indonesia and Vietnam lasted a year. He was in on the refugee conferences. Waldheim wanted to extend his contract, but when Foreign Minister Hayrettin Erkmen returned to Ankara and proposed that Turkmen be secretary general, he came back. He was to hold this job only 70 days. The National Security Council administration made Iler Turkmen foreign minister in the Ulusu cabinet.

#### What Ilter Turkmen Says

The secretary general of the Foreign Ministry [Kamuran Gurun] met with the secretary general of the Greek Foreign Ministry this week and discussed the problems between the two nations. He relates what Turkmen has said earlier on various topics:

Question: Is there any foreign pressure on Turkey about Cyprus?

Answer: There is no pressure on Turkey about Cyprus.

Question: There is talk of American pressure. After Greece returned to the defense arm of NATO, Carter announced his intentions saying, "Now it's Cyprus' turn."

Answer: We read in the press that Carter said this. But no one has come to us officially and said anything on this matter. America is no more interested than other nations, Norway for instance. That is, when we visit them, they say, "What's happening?" and that is all.

Question: What is the latest situation on Cyprus?

Answer: UN Secretary General Waldheim, after going on record with his understanding of the status of the Turkish Cypriot and Greek Cypriot sides, laid the groundwork for bilateral talks. The negotiations began in this way. Four points are being discussed in these talks: The constitution, territory, the status of Maras [Varosia] and normalization measures. These are measures having to do with lifting the pressures on the Turkish Cypriots. The negotiations are taking place in these four baskets and one of them is discussed each week.

Question: Might one of them be completed before the others? That is, is there a question of giving up Maras?

Answer: No. If one of them is completed before the others, there is nothing saying it has to go into effect. The Turkish community is trying to ensure parallel progress on the four topics. Waldheim's representative said that these talks were going well so far. The talks will go on until the middle of December, then recess until January.

We are pleased with the course of the talks. It cannot be said that there is any great solution, but on the other hand the communities are meeting seriously and exchanging views on these four points.

Question: Where do they go from here?

Answer: I am not in a position to answer that at this stage. We will see where the talks will go in January and February.

Question: Let us return to the Americans. They always used to have solutions for the Cyprus problem. Don't they now? An atmosphere was created in the Western world that "now that the military has taken over in Turkey, it will be easier to solve the problems." General Saltik said this was a false impression, but...

Answer: I have had no pressure from the Americans since I became foreign minister. I don't know about before. They have made no proposals. They have not interfered in any way. Nor has there been anything like interference by them in the course of the talks. Cyprus has no explicit influence on Turkish-American relations today.

Question: What is the situation in the Aegean since Greece's return to the military arm of NATO?

Answer: Extremely open. The Aegean today is a "tabula rasa" (a clean slate). Nothing has been done as to the command responsibility. There is nothing.

Question: What is being done temporarily?

Answer: Nothing that I know of. Everything is to be negotiated. Greece may continue for a while after its return to the military arm of NATO as it was before its return.

Question: What were the matters announced in Athens, Brussels and other places?

Answer: I do not know whether progress is being made in areas such as the division of areas of command responsibility or conducting them jointly. These are to be negotiated. Some technical contacts may have begun. Activity may have begun. But the so-called "interim" matters are to be negotiated also. There is nothing at the moment. Negotiations are to be held as to air and sea. At the moment, there is no arrangement in effect. The interim status is to be discussed also.

Question: Then what were the four or five points?

Answer: They were descriptive. They described to an extent the nature of the interim arrangements. They are not in effect. They cannot go into effect without negotiation.

Question: What is the situation between us and Iraq as to oil?

Answer: Oil has started flowing.

Question: Is it correct that Iraq gave us sixth priority in the sale of oil?

Answer: No it is not. They will sell us all we can buy until the end of 1980. We are now buying oil from Iraq. Our tankers have gone to get it.

Question: What about Iran?

Answer: We are getting as much as possible from Iran.

Question: What is the atmosphere concerning this administration in foreign international organizations, such as the NATO Assembly, the Council of Europe, Amnesty International?

Answer: We have no problem at the government level. The EC nations met and decided on 15 September that relations must continue within the existing arrangements and agreements. The same is true for all NATO nations. We attended the

ministers' committee of the Council of Europe. We have no problem from the standpoint of international organizations. At the Council of Europe Assembly, there was a problem of representation, but the Council charter envisages the continuation of parliamentarians, even if they lose this capacity, in their representative duties until new ones are elected to replace them. As you know, T. Guner, Akcali, Alsakaptan and Vatanel are attending. Turkey's situation is now on the Assembly agenda. The Assembly will reconvene on 21 January in the form of a Political Committee meeting and discuss the topic.

Question: How are you handling the interest shown in Turkey?

Answer: As the Council of Europe is an organization composed of democratic nations, we consider normal the interest shown in a return to democracy in Turkey. We have no discomfiture in this regard. We are trying to give them extensive explanations of the program for democracy. It is our opinion that no one doubts Turkey's return to democracy. Despite this, it is quite natural that the Assembly should adopt recommendations for the acceleration of this process.

Question: Are you not doing anything else?

Answer: We talk with parliamentarians, with everyone who come or wants to come here. The preparations are explained.

Question: Are any anxieties conveyed to you? What are they?

Answer: Not in the form of anxieties but of hopes. They want it to be as soon as possible. We explain the program to them. General Saltik presented an extremely detailed program at his last press conference. But there is no timetable. We tell them why this is so. In any case, they also understand that this administration wants this matter settled in the shortest time possible.

Question: Do you explain our problems to everyone?

Answer: Generally we do, but there are some with set ideas. Some are prejudiced. It is impossible to explain our difficulties to some of them.

Question: Did an application come from Amnesty International?

Answer: No, I do not know that it did.

Question: There being talk of American intervention to protect its sources of oil in the Middle East, is there a question of using Turkey for an arms and ammunition depot?

Answer: There has been no request of us in this regard. This problem is debated in general terms. There are two dimensions to the problem. If the United States were to intervene to keep the Persian Gulf open, it asks whether additional burdens will be taken on to prevent the weakening of Europe. One dimension also has to do with transport facilities, troop movement facilities. But this comes up as a general problem. These things are resolved through bilateral agreements, and we have not had such an approach to date. Our responsibility is within NATO. Outside of this, we have no responsibility.

Question: Is the United States likely to increase their military and economic aid?

Answer: We hope financial aid for 1981-82 will increase. We said this when we talked with Muskie.

Question: What did you do on your trip to Saudi Arabia?

Answer: There is the matter of making up the oil which Iran and Iraq cannot supply because of events in the Middle East. Saudi Arabia, together with the Gulf states, will make up this loss. The situation in 1981 is also important. In addition, we proposed an agreement to which they reacted positively. They did not conceal their pleasure over developments in Turkey. They consider a strong and stable Turkey to be in the interest of the Middle East.

Question: How are our relations with the Soviets?

Answer: Our relations with the Soviets continue to be very good. The joint commission will meet in January and it is possible that new industrial projects will be discussed.

Question: Did the anti-Soviet statement made by our UN Representative Coskun Kirca after the 12 September takeover have a negative effect?

Answer: Kirca's statement was not a government statement. He expressed his personal views. They are not our views.



## 1980 ECONOMIC REPORT EVALUATES PRICE HIKES

Istanbul CUMHURİYET in Turkish 8 Dec 80 pp 1,5

[Text] Ankara--In the 1980 economic report prepared by the Ministry of Finance, it was announced that, for the 9-month period between January and September, total price increases were 69.9 percent and the average annual price increase amounted to 111.5 percent. In the section dealing with prices, the report, which was submitted to the National Security Council along with the proposed budget, stated, "The general level of prices, calculated as total and average increases for a 9-month period, showed an increase over the equivalent period of 1979."

In the report, the cost of living in the provinces of Ankara, Istanbul, Izmir, and Adana was also compared with that of last year. It was determined that housing costs rose, in only 9 months, by 258 percent in Ankara, 180 percent in Istanbul, and 146 percent in Izmir. Food prices rose by 97 percent in Ankara, 116 percent in Istanbul, 122 percent in Adana, and 110 percent in Izmir in the 9-month period.

## Prices

In the section devoted to prices of the annual economic report submitted to the National Security Council, it was asserted that price increases stem from the limitation of supply resources due to the 24 January and 1 July decisions and from increases in world petroleum prices. On page 103 of the report, the following information and evaluations were cited:

"Following 1970, with the exception of 1975, there was a trend toward continuous price hikes. In 1978, prices rose by over 50 percent for the first time. This tendency continued in 1979, when the rate of increase reached 83.9 percent. In 1980, the new price balance created through decisions put into effect on 24 January, had an effect on the establishment of an entirely new general price level. Following the 24 January decisions, the monthly rate of increase noted in February was 29.3 percent, a rate of increase that exceeded the annual rate for the period between 1970 and 1975."

#### Derived from Costs

In the report, which claimed that price increases during the first 9 months of this year occurred because of increased costs in particular, the following information was also provided:

"General price increases observed in the 9-month period from January to September are seen as hikes resulting from rising costs. While working to control effective demand in one respect through the price mechanism, demand is being checked on another hand through the restrictive monetary policy pursued following the 1 July decisions.

"Along with this general development trend, the general level of prices, which began to demonstrate seasonal change after February, showed an increase, as 9-month total and average prices, over the same period of 1979.

"The 24 January and 1 July decisions influenced the 1980 general price level. In addition, the shrinking of supply resources by negative developments observed in production in 1980 and price increases based on world petroleum prices affected general price activity during the period from January through September 1980."

The cost of living in our largest provinces was discussed in a section of the annual economic report submitted to the National Security Council.

In Ankara, the greatest price increase came for housing expenditures. These lines appeared in the section of the report related to Ankara Province:

"In 1980, the percentage of 9-month average price increases for the goods on the consumer index for Ankara Province surpassed 100 percent except for the prices of health services. At this time, the greatest increase, 258.2 percent, was seen in prices related to expenditures for housing."

#### Situation in Istanbul

Figures related to the cost of living in Istanbul were listed in the report:

"In the period from January-September 1980, average increases in consumer price indices for Istanbul included 116 percent for foods; 180 percent for housing; 125.5 percent for household goods; 136 percent for health services; and 140 percent for cultural activities and entertainment. Consumer price index increases for clothing and communications remained below 100 percent."

## NAVIGATION SAFETY IN STRAITS EXAMINED

Istanbul MILLIYET in Turkish 11 Dec 80 p 2

[Article by Burhan Felek]

[Text] A friend of mine, speaking from a professional and official standpoint, has once again warned me that the irregular traffic in the Bosphorus which has defied all efforts to render it secure and which presents a danger every day of fire in the city must be taken under consideration without delay, and the collision of the two ships at Canakkale brings this question to the fore.

As this friend of mine has explained to me the present regulations which have been designed to prevent collisions have become superannuated. The tankers which I believe were 10,000 tons at the most in those days have been succeeded by ones up to 50,000 today and freighters have grown to 80,000 tons. Under such conditions the necessity arises to amend the provisions of earlier years. Apart from this our practice of supplying pilots from Buyukdere on is inadequate, because the coastline up to Buyukdere is within the straits. We would be unable to hold anyone responsible for an accident taking place there. The pilot ships ought to take over in the Black Sea outside of the straits. What's more the regulations pertaining to the prevention of collisions, which have an international character, stipulate that the officials responsible for the straits or harbors are empowered to impose any measures which they judge to be appropriate in order to prevent collisions. All this is clearly spelled out in this international regulation.

In spite of this the government up to now has not taken any new measures with regard to strait's traffic other than those laid out in the Montreux Convention which renews itself every five years in the absence of any objections from the parties involved--in order not to alarm the Russians. And this also is a reason why it has not been possible to prevent accidents from taking place and the city from being endangered. The reasons the Russians don't want to have this treaty revised is the fact that their warships right now are not being prevented from coming and going at will through the straits, providing advanced notice is given to the Turkish government.

It would be sufficient to guarantee that there will not be any change in the provisions which the Russian warships are subject to in the course of taking measures to improve the discipline in the straits. Besides the Black Sea states which own the large tankers would be pleased to know that their tankers would make the passage through the straits in greater security. The ship right now aground off

Hydar Pasha which burned for months and endangered Istanbul is a Roumanian vessel. By subjecting the ships coming and going through the straits to a more sound transit system Turkey will spare the Straits and consequently its littoral all the way to Canakkale from the danger of fire. For example: large tankers will not be permitted to make the transit at night; when intermediate size tankers enter the straits other tankers would not be permitted to enter from the opposite direction; the Sea of Marmara would not be considered a closed sea but a continuation of the straits. With precautions of this nature, especially under the short and concise procedures of the present administration the transit of the straits might be made as safe as possible.

Right here I would like to draw attention to one more point. This is the question of where Turkish pilot service should begin and where it should end. According to the present policy ships transiting the straits are free to take or not to take a Turkish pilot. It's necessary to make this obligatory. Actually when I went through the straits of Messina in a Turkish vessel I was witness to the fact that the three kilometer wide strait had to be transited in tow by an Italian tugboat. We ourselves should make this service obligatory and for example we should make it necessary for ships to take on a pilot outside of Kavaklar in the Black Sea at the mouth of the straits and to retain this pilot until the ship passes a line which joins Ahirkapi and the Fenerbahce promintory. Even if the ships which accept a pilot were not to escape their responsibility delineated in the prevention of collisions regulations the captain of a ship which has a pilot is in a much more solid position, providing no improbable mistakes are made, than the captain of a ship proceeding without a pilot.

I have written this article relying upon information given me by one of my readers who is a retired seaman who served for many years in the government and in this line of work and if this article has succeeded in presenting his ideas at least halfway successfully I shall be happy.

I also hope that the National Security Council government will also benefit from this article and at the very least I hope that their thoughts in this direction will be reinforced and I wish for all vessels transiting the straits and their crews godspeed.

## INCREASE RECORDED IN FOREIGN EXCHANGE

Istanbul TERCUMAN in Turkish 12 Dec 80 p 5

[Text] Developments during recent months in foreign balance of payments have led to a diminished need for foreign financing and to the accumulation of foreign exchange reserves in the Central Bank.

The principle developments leading to accumulated reserves have been the growth recorded in worker remittances, especially during recent months, in excess of the amount estimated and the fact that import program targets have been underfulfilled. On the other hand exports during the month of September increased over the previous year by twenty percent, during October this increase was thirty-two percent and the rate of increase during December is hoped to be around forty percent.

Thus by year's end exports will amount to 2.8 billion dollars and workers' remittances are expected to bring in 2.1 billion dollars. Imports are not expected to reach the programmed 6.9 billion dollars and it is estimated at the current rate they will not exceed 6 billion dollars. Thus with 4.9 billion dollars of foreign exchange revenue and the necessity to finance 6 billion dollars of imports we are left with a deficit of 1.1 billion dollars. When one considers the necessity to pay principal and interest in this year amounting to 1.2 billion dollars the foreign deficit then amounts to 2.3 billion dollars.

However, foreign financing by the IMF for 1980 for program and project credits was set at 2.8 billion dollars and this amount has already been obtained. Thus the major items in the balance of payments for 1980 add up to a positive balance of 500 million dollars in foreign exchange reserves.

In point of fact accounts in the Central Bank for the period New Years through the end of November show an increase in utilizable foreign exchange reserves of 435 million dollars.

In the event that the anticipated nearly 700 million dollars in miscellaneous foreign exchange revenues are realized in 1980 and added to the account the balance of payments situation by the end of the year will be completely cleared up.

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## WARNING SENT TO BULGARIA ON SMUGGLING

Istanbul TERCUMIAN in Turkish 8 Dec 80 pp 1,12

[Article by Sedat Sertoglu]

[Text] Turkey issued an official warning to Bulgaria demanding that it prevent arms from being brought into the country from Bulgaria and that it not protect Turkish smugglers. Ministry of Foreign Affairs officials stated that Turkey's subject of "arms smuggling" will also be placed on the agenda for the border revision meetings that will be held between Turkey and Bulgaria on 17 December in Sofia.

High-level Ministry of Foreign Affairs officials reported that, in response, Bulgaria's Ankara Embassy will forward the warning to Sofia. In talks held in the Ministry of Foreign Affairs Building in Ankara, Bulgarian officials said, in answer to Turkey's warning, "We have nothing to do with arms smugglers. Let us work together to arrest them."

Ministry of Foreign Affairs officials have begun work in order to deal with, in the form of a package, problems that exist between Bulgaria and Turkey.

Officials believe that, in addition to arms smuggling, the problems of re-drawing the border along the Rezve Stream and of TIR [International Highway Transport] transit must be discussed.

## Bulgaria's Border Transgressions

Ministry of Foreign Affairs officials stated that, on 17 December, a committee headed by Ambassador Asaf Inan will begin to hold meetings in Sofia to deal with the Rezve Stream problem. Officials reported that Bulgaria is constantly working to divert the stream to Turkish land and, thereby, to obtain more land and that Turkey has told Bulgaria's officials at its Ankara Embassy that it will not allow such actions to go unheeded. Ministry of Foreign Affairs officials stated that the border along the stream must be redrawn and that, in addition to the fact that Turkey's land now lies within Bulgaria's boundaries because of the latter's actions, the stream has been shortened by 2 kilometers.

## ECONOMIC TALKS UNDERWAY WITH LIBYA

Istanbul CUMHURİYET in Turkish 12 Dec 80 pp 1,5

[Text] The Libyan Minister of Economy Abd Zayd 'Umar Durda, who has come to Ankara for a meeting of the Joint Libyan Turkish Economic Commission, was received yesterday by Prime Minister Bulent Ulusu and Deputy Prime Minister Turgut Ozal separately in turn. The meeting of the joint commission began yesterday at 1300 hours. Turgut Ozal is representing Turkey in the commission meeting and Abd Zayd 'Umar Durda is representing Libya. The Libyan delegation is made up of 16 persons.

It has been learned that joint undertakings in the fields of commerce, industry, and petroleum will be dealt with at the commission meetings.

## Ulusu's Words

In the address, Prime Minister Ulusu gave, when receiving the Libyan minister, he said that progress was occurring in economic, political, cultural relations between Turkey and Libya and that every area also embraced the question of defense. Ulusu said that he was certain that Libya would reach even further stages of advancement under Qadhdhafi leadership.

Turgut Ozal stated that he placed great importance on the development of the relations between the two countries and that the situation of the Turkish workers in Libya and the construction companies there are being taken under consideration by the Libyan government. Ozal, noting that economic relations between Turkey and Libya had a six-year history now, said that this country had undertaken collaboration with Libya on quite a number of matters and that it was prepared to undertake even more and called to mind that among the goods which Turkey anticipated purchasing from Libya petroleum headed the list.

The Libyan minister of economy stated that the Libyan leader Qadhdhafi especially appreciated the Turkish government and Turkish people and said "Libya always has desired that Turkey should take its true place among Islamic countries."

## WORK ON KIT RESTRUCTURING CONTINUES

Istar: (1) MILLIYET in Turkish 6 Dec 80 p 9

[Text] Ankara, TURKISH NEWS AGENCY -- A commission formed under the Industry and Technology Ministry is at work on amending the Economic State Enterprises Law No 440 to reorganize the KIT's [Public Economic Enterprises] and make them more productive.

In the efforts on KIT reorganization, certain plans have been prepared on preventing overstaffing, inasmuch as the hiring problem at these organizations has received a great deal of attention, and it was learned in this context that turning some of the KIT's over to the private sector has been discussed.

Officials said: "Overstaffing at the KIT's may be eliminated gradually in the framework of a specific plan; to do this, people who resign, retire or leave to join the service will not be replaced and thus 'staff norms' may come about in these organizations as the result of a tight policy for 3 to 5 years."

Pointing out, moreover, that "the biggest obstacle to turning over some of the KIT's to the private sector is the matter of severance pay," the officials said, "If some of the KIT's which ought to be in the private sector today were turned over, it would be impossible for whoever took them over to employ the existing personnel. Therefore, workers would have to be discharged. The important thing here is severance pay. This is an important financial problem. Some of the organizations which ought to have 500 workers today employ several thousand."

One authority who gave information on the efforts to revise law 440 concerning the KIT's said, "During these efforts, these organizations are first divided into three groups according to their economic and social importance, then classifying them as 'reorganize and retain,' 'clean up and rebuild' or 'turn over to the private sector,' efforts proceed in this direction."

Meanwhile, as efforts to reorganize the KIT's continue, these organizations are scheduled to invest 318.3 billion liras in fiscal year 1981.

It is estimated that the KIT's will have a total operating deficit of 60 billion liras in 1981 and it has been announced that this deficit definitely will not be covered by Central Bank funds but by appropriations from the transfer budget.

Officials said, "However, the Central Bank will provide credit to the KIT's authorized to make support purchases of agricultural products."

## RESPONSES GIVEN TO NEW UNIVERSITY REGULATIONS

Istanbul TERCUMAN in Turkish 15 Dec 80 pp 1,9

[Article by Taylan Sorgun]

[Text] Answers to questions sent to institutions of higher education regarding studies being conducted by the Ministry of National Education in order to reorganize higher education have been submitted to the Ministry of National Education. These responses touch on the need for the state to provide continuous supervision and guidance at universities and assert, "Autonomy does not mean being distant from every sort of supervision." Another important point made in answers forwarded to the Ministry of National Education by institutions of higher education is that "rotation in the universities is accepted." At the same time, the need to reorganize the secondary school system has been noted, and the "channel and distribution system" is being requested.

## Application of Discipline

One of the most significant items approved following lengthy discussions in university senates was incorporation of "state supervision" in discipline statutes that will be enforced at institutions of higher education. This was stated in an answer on this topic to the Ministry of National Education:

"Discipline regulations must be enforced with sensitivity at universities. Sensitivity must exist in both state supervision and in self-discipline." In the event that a statute is approved allowing student participation in the administration and in social efforts, it was urged that specific points not be forgotten. It was stated: "It must be ensured that students take part in social efforts. With the participation of students in the administration, a system should be accepted such that the way is not left open for the selection of militants and rebels and that the system remains outside academic bodies at schools of higher education."

### Constitution's Statutes Inadequate

While views on how "state supervision and guidance" at institutions of higher education can be ensured were being given, the following point was made, "Supervision in all schools of higher education is a topic of great importance. From the standpoint of the universities, Article 120 of the constitution proposed 'state guidance and supervision,' and Articles 7 and 8 of Law No 1750 established a 'University Supervisory Council.' It cannot be said, however, that this supervision is effective in practice. The council and its officials must face reorganization. The structure of the University Supervisory Council can be organized as set forth in the proposal drafted by the Interuniversity Council in 1976. The goal of institutions that provide higher education is to determine the quality of the manpower they produce. In this respect, there is no doubt that universities furnish training and education in the direction cited by the constitution's National Education Basic Law and Universities Law and provide the most important source of manpower in various fields. The solution to the problem is related to correcting, more than through legal statutes, the environment that creates imbalance and to adopting a planned and realistic system throughout the entire educational system and, thereby, for the institutions of higher education."

The Istanbul University Senate later issued a statement on the topic of "state supervision and guidance." It said, "There is absolutely no doubt that autonomy does not mean being distant from every sort of supervision. A sound system of supervision must be established by bearing in mind the imbalance and inadequacies that have emerged on the issue of state supervision and self-supervision. However, when doing this, care must be taken so that autonomy is not crushed."

### New Principles

In responses submitted to the Ministry of National Education, it was requested that new principles for admission to institutions of higher education be adopted. These views were given:

"The goal of education from compulsory primary schooling onward is to allow each person to achieve to the best of his abilities and to be educated in the areas of his abilities. In secondary schooling, this can be accomplished through implementation of a channel and distribution system. To do so, a practical vocational school system at the secondary school level must be developed. Classical lycees must be improved from the standpoint of curriculum and length of classes. Secondary schooling and higher education must be designed and developed in a manner appropriate to realities within Turkey. Education must not lose sight of its purpose to train personnel who are directed toward economic development and equipped with Kemalist, patriotic, and superior humanistic qualities. For this, maximum care must be taken. At the very least, institutions that train educated, unemployed consumers must be stopped in their tracks. Foreign language



centers must be opened in every corner of the country. In general, laxity and lack of control must be eliminated, and the use of student identification cards must be introduced."

#### Discipline of Assistants

The responses sent to the Ministry of National Education by institutions of higher education also spoke of the situation in faculties of medicine. They stated, "Regulations must take into consideration the unusual situation that exists at faculties of medicine. In addition to university training and teaching at faculties of education, hospital service is given as a requirement. Therefore, with medical faculty assistants, for example, the period of assistantship, working hours and methods, and discipline rules that are to be observed must reflect the unique circumstances that exist."

#### Coordination

The answers to the Ministry of National Education spoke of the need for coordination and requested reorganization in this area. They stated, "For the transition from faculty member to professorship or assistant professorship at academies that are being upgraded to universities, a system that requires the decision of the Interuniversity Council as exemplified with the establishment of the University of the Bosphorus should be considered. Coordination between institutions of higher education affiliated with various ministries must be ensured by the Ministry of National Education within the framework of decisions of a body that will be created to provide planning and coordination for higher education."

#### Brain Drain

The institutions of higher education, which admit that there is imbalance in the distribution of personnel among the universities, claimed, "There must be planning for physical capacities in higher education and for the distribution among the institutions of teaching personnel and specialized manpower. From the standpoint of the universities, a system that will meet the needs of developing universities using teaching personnel from developed universities must be devised within the universities law. However, these measures must avoid upsetting the functioning of existing universities or creating a sense of uneasiness that would lead to a brain drain."

#### Evaluation

The institutions' answers to questionnaires submitted to them earlier by the Ministry of National Education have begun to be evaluated by the ministry. The results of the evaluations of the experts within the Ministry of National Education will be utilized in the preparation of a new universities and schools of higher education law.

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